ROXY-PACIFIC HOLDINGS LIMITED

Driving GROWTH AND VALUE

Results Announcement
Half Year Ended 30 June 2019
31st July 2019

Agenda

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

Financial Performance

2Q2019 & 1H2019 Overview

2Q2019 Overview

- Group's revenue increased by 39% to S$51.4 million.
- Net profit attributable to shareholders was S$4.2 million in 2Q2019 (2Q2018: S$5.0 million).

1H2019 Overview

- Group's revenue increased by 68% to S$139.9 million.
- Excluding fair value gain from 117 Clarence Street [1], pre-tax profit increased by 98% to S$11.7m.
- Net profit attributable to shareholders was S$9.3 million in 1H2019 (1H2018: S$12.7 million).
- Total pre-sale revenue of S$620.6 million (1Q2018: S$548.1 million) to be recognised from 3Q2019 to FY2023.
- Good headroom with cash and bank balances of S$228.0 million.
- Declares interim cash dividend of 0.195 SGD cents per share

[1] The office building in Sydney was sold in August 2018

Financial Performance

Financial Results	2Q2019	2Q2018 [1]	% change
Revenue (S$'m)	51.4	36.9	39%
Gross Profit (S$'m)	16.2	12.9	25%
Gross Margin (%)	32%	35%	-3ppt
Share of results of associates (net of tax) (S$'m)	2.2	5.1	-57%
Pre-tax profit (S$'m)	4.6	7.4	-37%
Net Profit (S$'m)	4.1	5.1	-20%
Net Profit attributable to shareholders (S$'m)	4.2	5.0	-16%
EPS (SGD cents)	0.32	0.38	-16%

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

Financial Performance

Financial Results	1H2019	1H2018 [1]	% change
Revenue (S$'m)	139.9	83.3	68%
Gross Profit (S$'m)	37.7	27.5	37%
Gross Margin (%)	27%	33%	-6ppt
Share of results of associates (net of tax) (S$'m)	2.1	11.2 [2]	-81%
Pre-tax profit (S$'m)	11.7	15.9	-26%
Net Profit (S$'m)	8.8	12.8	-32%
Net Profit attributable to shareholders (S$'m)	9.3	12.7	-27%
EPS (SGD cents)	0.72	0.97	-26%

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

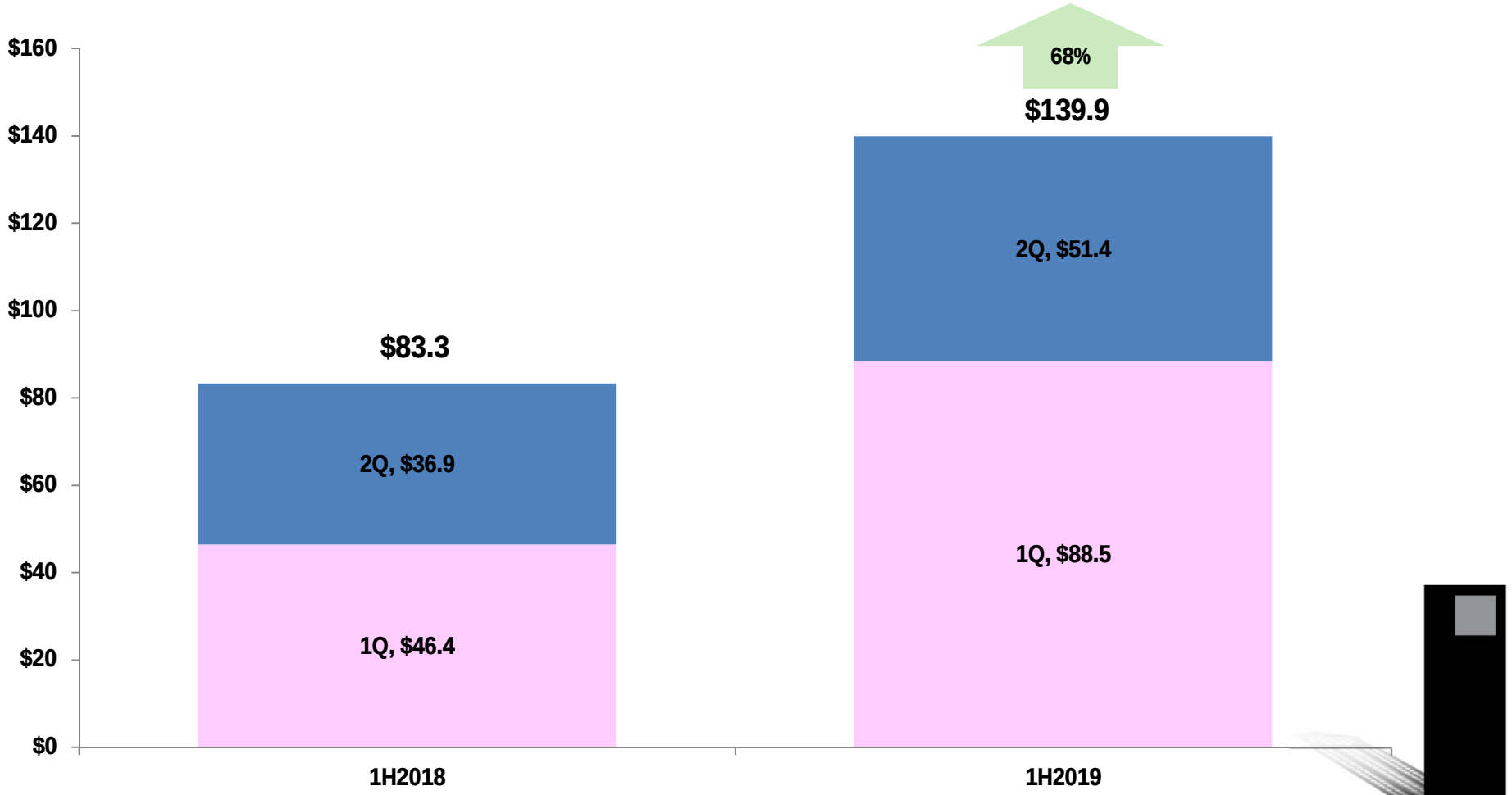
(2) Include S$9.9 million fair value gain from 117 Clarence Street, the office building in Sydney was sold in August 2018.

Financial Performance

Financial Performance

Turnover (S$'m)

- 2Q2019 revenue increased by 39% to S$51.4m
- 1H2019 revenue increased by 68% to S$139.9m

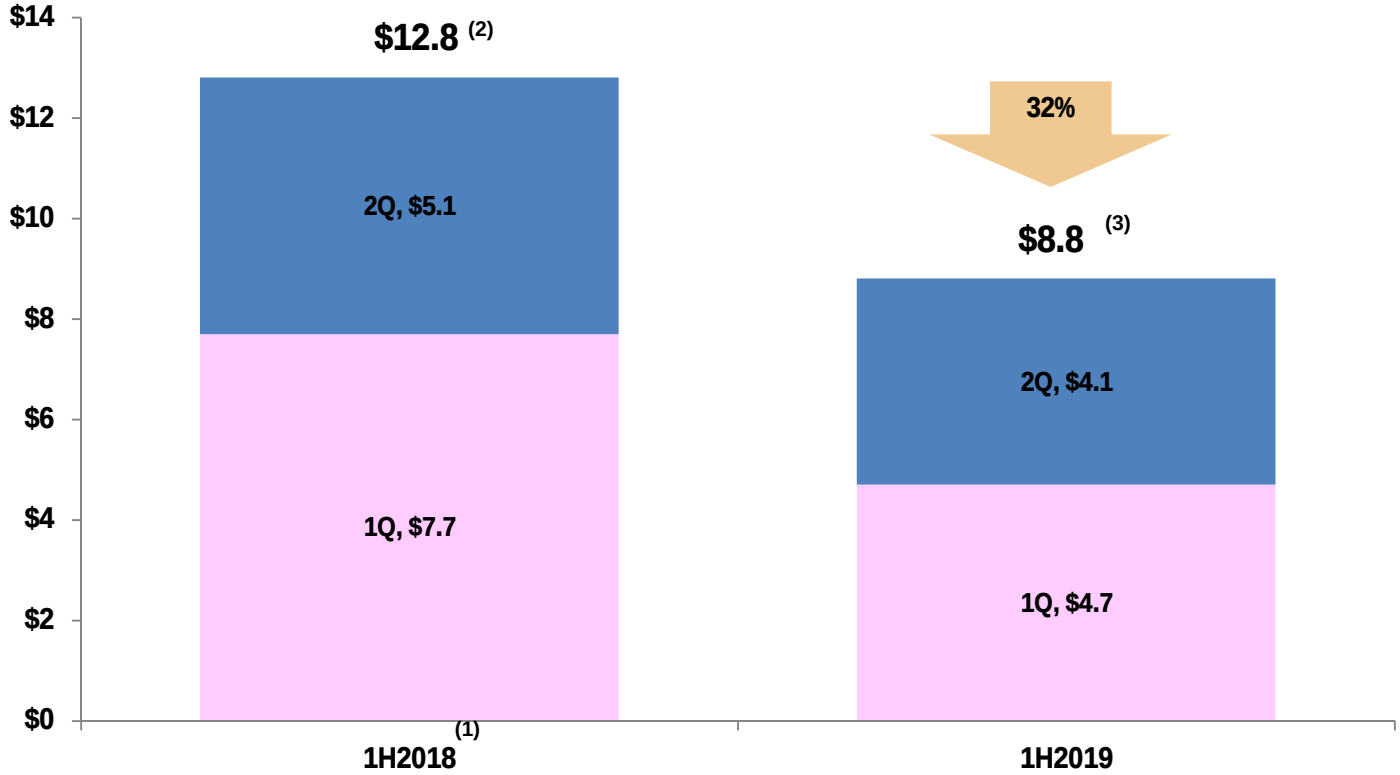


Financial Performance

Financial Performance

Profit After Tax (S$'m)

- 2Q2019 net profit decreased by 20% to S$4.1m
- 1H2019 net profit decreased by 32% to S$8.8m

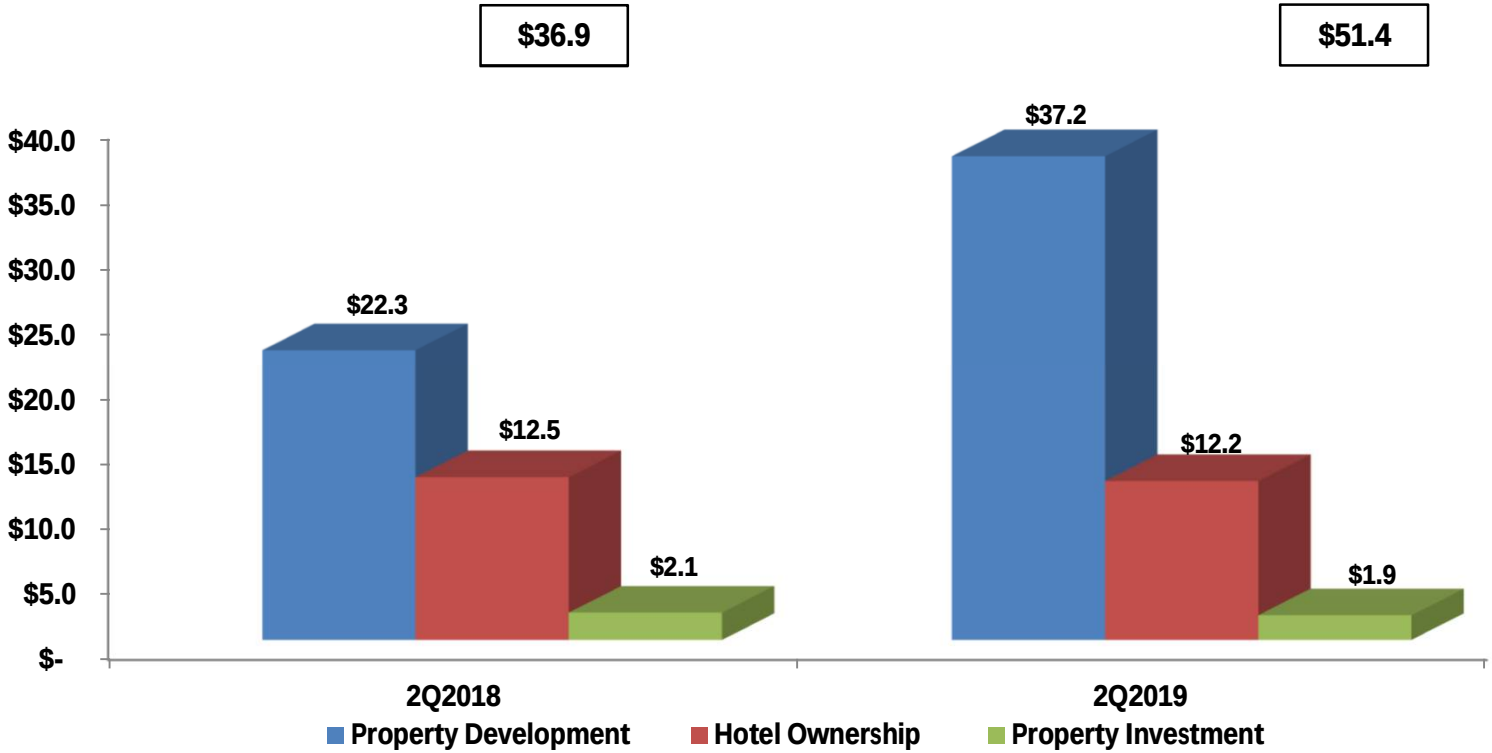


(1) The figures have been adjusted due to cessation of capitalisation of borrowing cost incurred on residential development projects upon sales launch.
(2) Included S$9.9 million fair value gain from 117 Clarence Street, the office building in Sydney was sold in August 2018.
(3) Profit derived after take into consideration of show flat expenses amounting S$4.2 million (net of tax) and borrowing cost expense off for property development amounting S$3.2 million (net of tax).

Financial Performance

Segment Results – 2Q2019

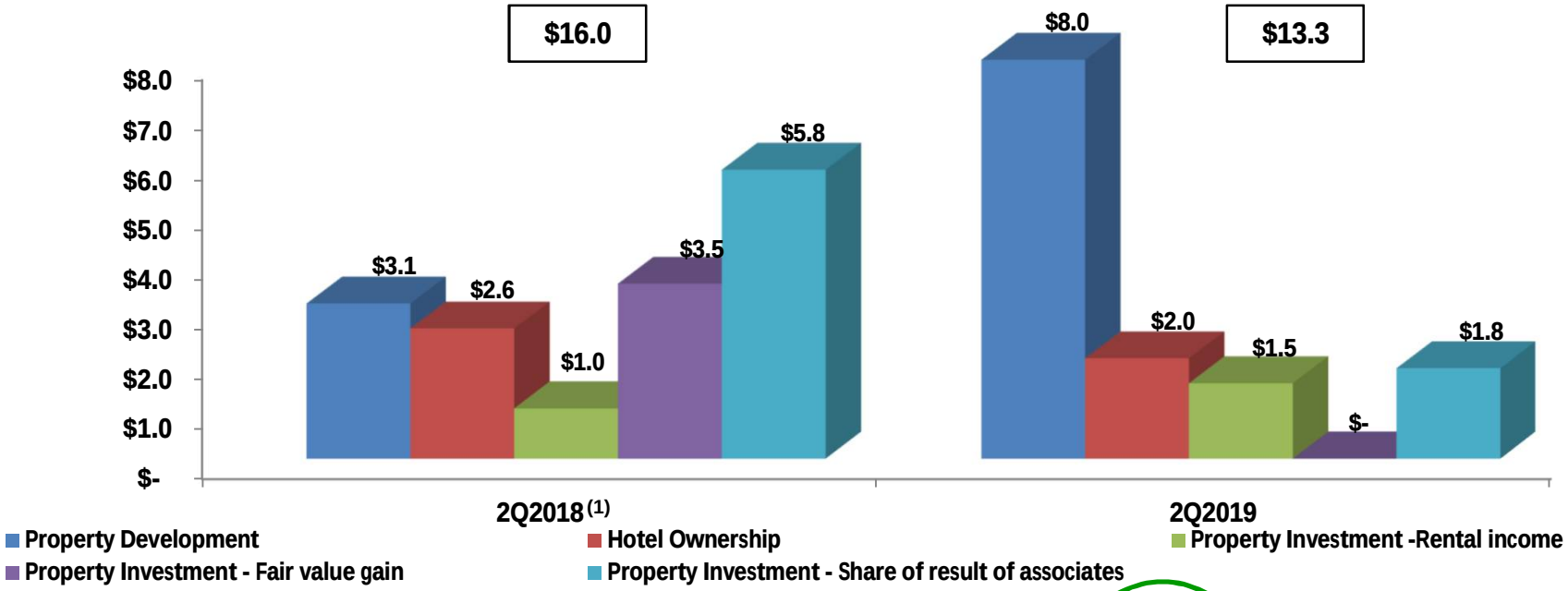
Revenue (S$'m)



	2Q2018	2Q2019
Property Development	60%	72%
Hotel Ownership	34%	24%
Property Investment	6%	4%
	100%	100%

Financial Performance

Segment Results – 2Q2019
Adjusted EBITDA* (S$'m)



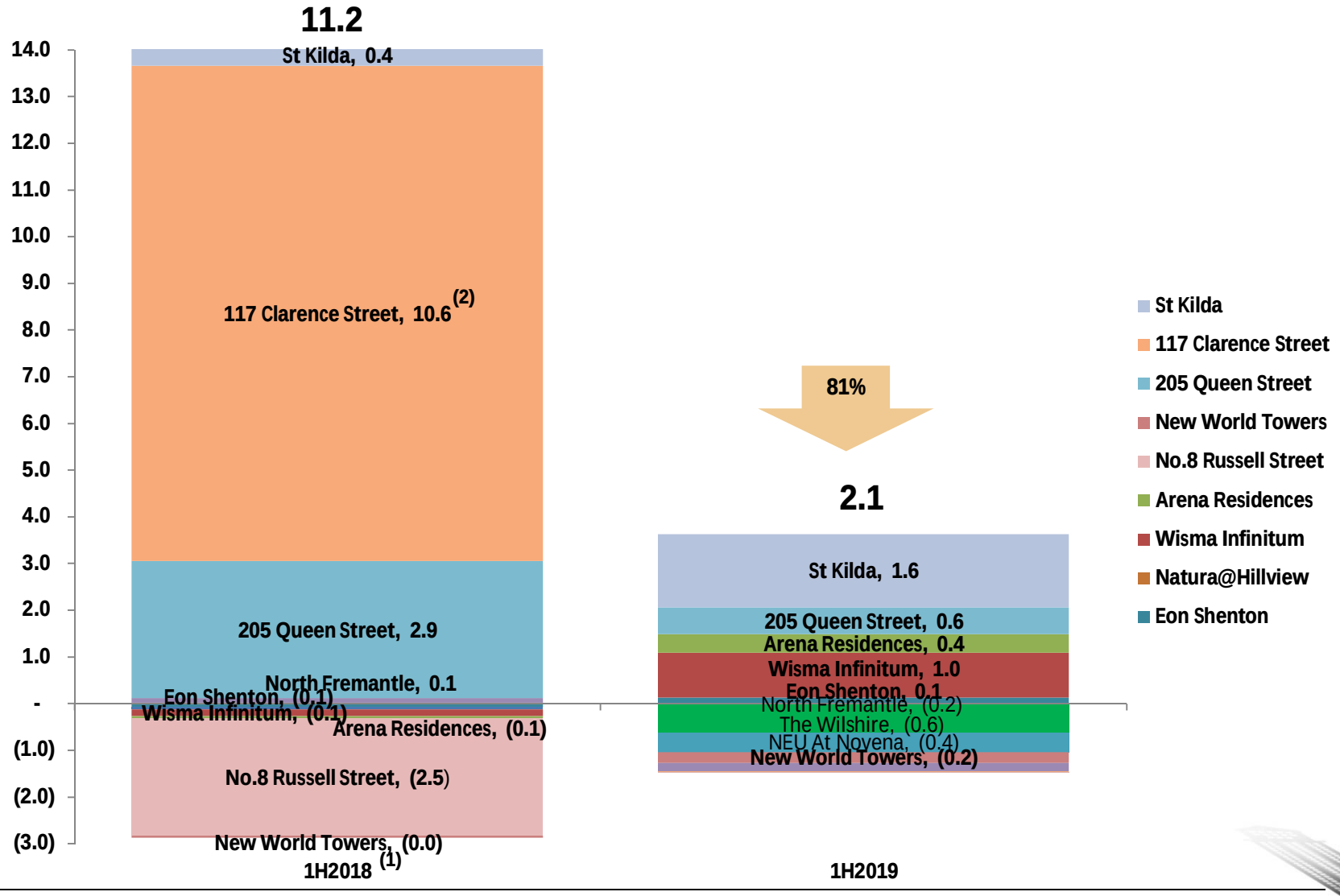
	2Q2018	2Q2019
Property Development	20%	61%
Hotel Ownership	16%	15%
Property Investment -Rental income	6%	11%
Property Investment - Fair value gain	22%	0%
Property Investment - Share of result of associates	36%	13%
	100%	100%

* Adjusted EBITDA excludes corporate expenses, depreciation of property, plant and equipment, finance cost (net) and unrealised foreign exchange gain/(loss) (net).

(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) – 1H2019



(1) The figures have been adjusted due to cessation of capitalisation of borrowing cost incurred on residential development projects upon sales launch.
(2) The Group has sold the investment property in August 2018.

Financial Performance

Financial Position	30 Jun 2019 (S$m)	31 Dec 2018 [1] (S$m)
Total assets	1,722.3	1,707.4
Total debt	1,051.7	1,042.9
Cash & bank balances [2] [3]	228.0	291.6
Net debt [3]	823.7	751.3
Net asset value ("NAV")	493.2	496.3
Revaluation surplus [4]	487.8	485.2
Adjusted net asset value ("ANAV")	981.1	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$31.9m as at 30 June 2019 (31 December 2018: S$71.3m) and S$81.3m (31 December 2018: S$71.2m) pledged to banks and financial institutions. Lower cash balances due to acquisition of 33 Argyle Street, new investment property in Tokyo, payment of construction cost for Australia's development projects and repayment of shareholder loan for Singapore completed project.
(3) Net gearing remains healthy at 0.84 time with lower cash balances.
(4) 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$693.9m as at 30 June 2019 (31 December 2018: S$692.3m) as compared to net book value of S$206.1m (31 December 2018: S$207.1m).

Financial Performance

Financial Ratios	30 Jun 2019	31 Dec 2018 [1]
NAV per share (SGD cents)	37.83	38.06
ANAV per share (SGD cents) [2]	75.24	75.27
Cash holdings per share (SGD cents) [3]	17.48	22.36
Net debt to ANAV (times) [4]	0.84	0.77
Total debt to ANAV (times)	1.07	1.06
Return on equity (%) [5]	3.8%	4.3%

(1) The figures have been adjusted due to cessation of capitalisation of borrowing cost incurred on residential development projects upon sales launch.
(2) 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$693.9m as at 30 June 2019 (31 December 2018: S$692.3m) as compared to net book value of S$206.1m (31 December 2018: S$207.1m).
(3) Cash holdings include project account monies amounting to S$31.9m as at 30 June 2019 (31 December 2018: S$71.3m) and S$81.3m (31 December 2018: S$71.2m) pledged to banks and financial institutions.
(4) Net gearing remains healthy at 0.84 time with lower cash balances.
(5) Calculated by dividing annualised profit after tax attributable to equity shareholders by net assets value.

BUSINESS REVIEW

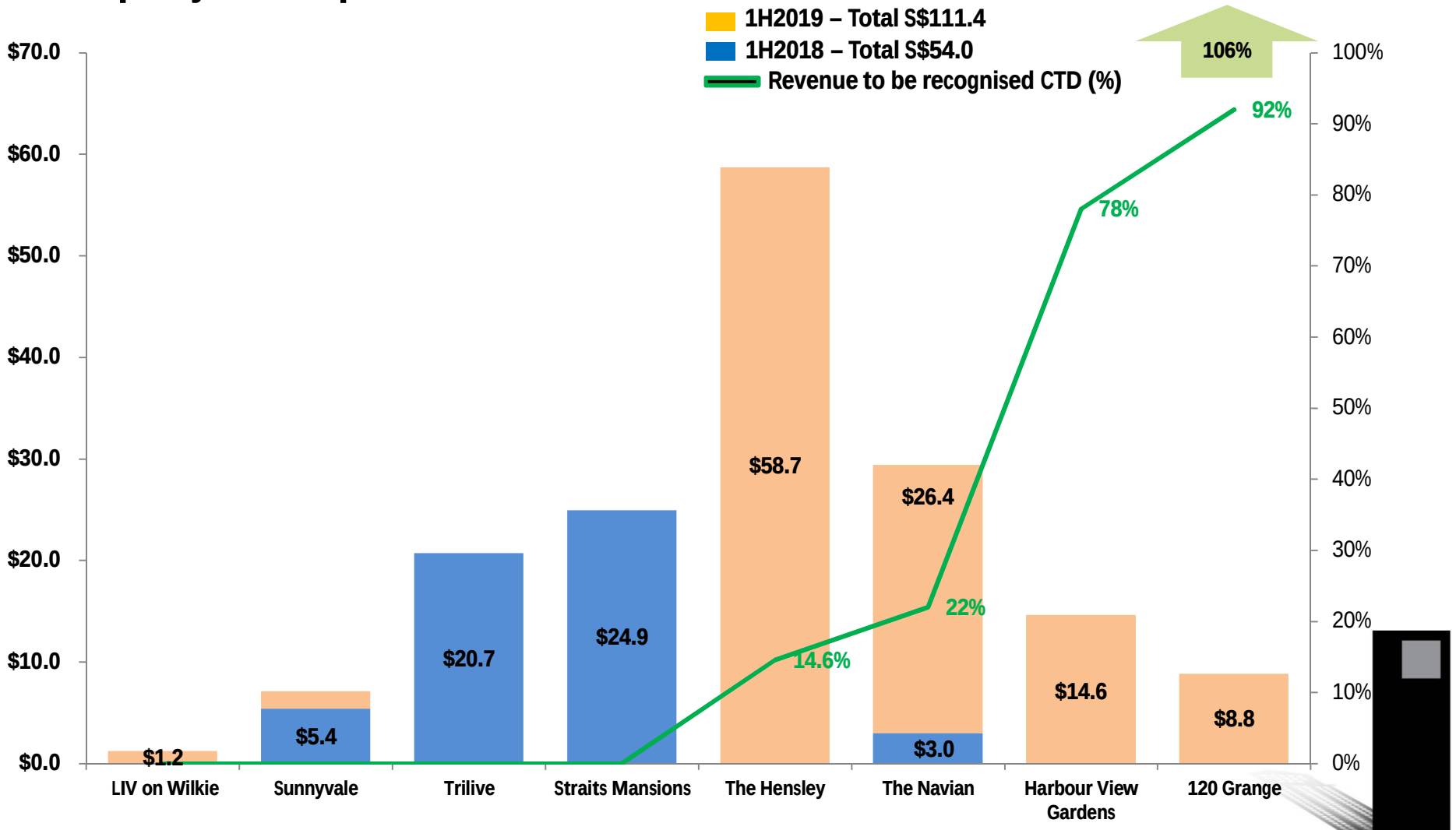
Property Development

Results Announcement
Half Year Ended 30 June 2019
31st July 2019

Business Review

Property Development

Revenue from Property Development (S$'m)



- 1H2019 Property Development revenue was mainly attributable to The Navian, Harbour View Gardens, 120 Grange 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 (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 30 June 2019 $'m	Balance attributable progress billings to be recognised from 3Q2019 $'m
	Singapore							
1	The Navian	Residential	100%	48	98%	$ 57.3	$ 45.6	$ 11.7
2	Harbour View Gardens	Residential	100%	57	100%	$ 73.7	$ 15.9	$ 57.8
3	120 Grange	Residential	90%	56	80%	$ 74.9	$ 7.9	$ 67.0
4	Bukit 828	Residential	80%	34	26%	$ 8.4	-	$ 8.4
5	Arena Residences	Residential	50%	98	64%	$ 41.4	$ 4.3	$ 37.1
6	RV Altitude	Residential	100%	140	23%	$ 50.9	-	$ 50.9
7	Fyve Derbyshire	Residential	100%	71	18%	$ 25.8	-	$ 25.8
8	Wilshire Residences	Residential	40%	85	5%	$ 2.7	-	$ 2.7
9	Dunearn 386	Residential	100%	35	9%	$ 4.6	-	$ 4.6
10	VIEW AT Kismis	Residential	60%	186	16%	$ 21.3	-	$ 21.3
	Malaysia							
11	Wisma Infinitum - The Colony	Residential	47%	423	75%	$ 55.7	$ 19.9	$ 35.8
	Wisma Infinitum - The Luxe	Residential	47%	300[iii]	47%	$ 29.9	$ 10.2	$ 19.7
	Australia							
	Sydney							
12	Octavia Killara	Residential	100%	43	98%	$ 41.7	-	$ 41.7
13	West End Residences, Tower 1 (Foundry)	Residential	100%	140	91%	$ 143.0	-	$ 143.0
	West End Residences, Tower 2 (Art House)	Residential	100%	91	89%	$ 93.1	-	$ 93.1
	Total			**1,807**		**$ 724.4**	**$ 103.8**	**$ 620.6**

(i) For Singapore projects, sale value is based on Option to Purchase granted up to 23 July 2019.
(ii) For overseas projects, sale value is based on contract signed up to 23 July 2019.
(iii) Represents Block B - The Luxe by Infinitum. 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	NEU AT NOVENA	87 units of Residential Development	22,198	65,485	50%	32,743	$53.0

BUSINESS REVIEW

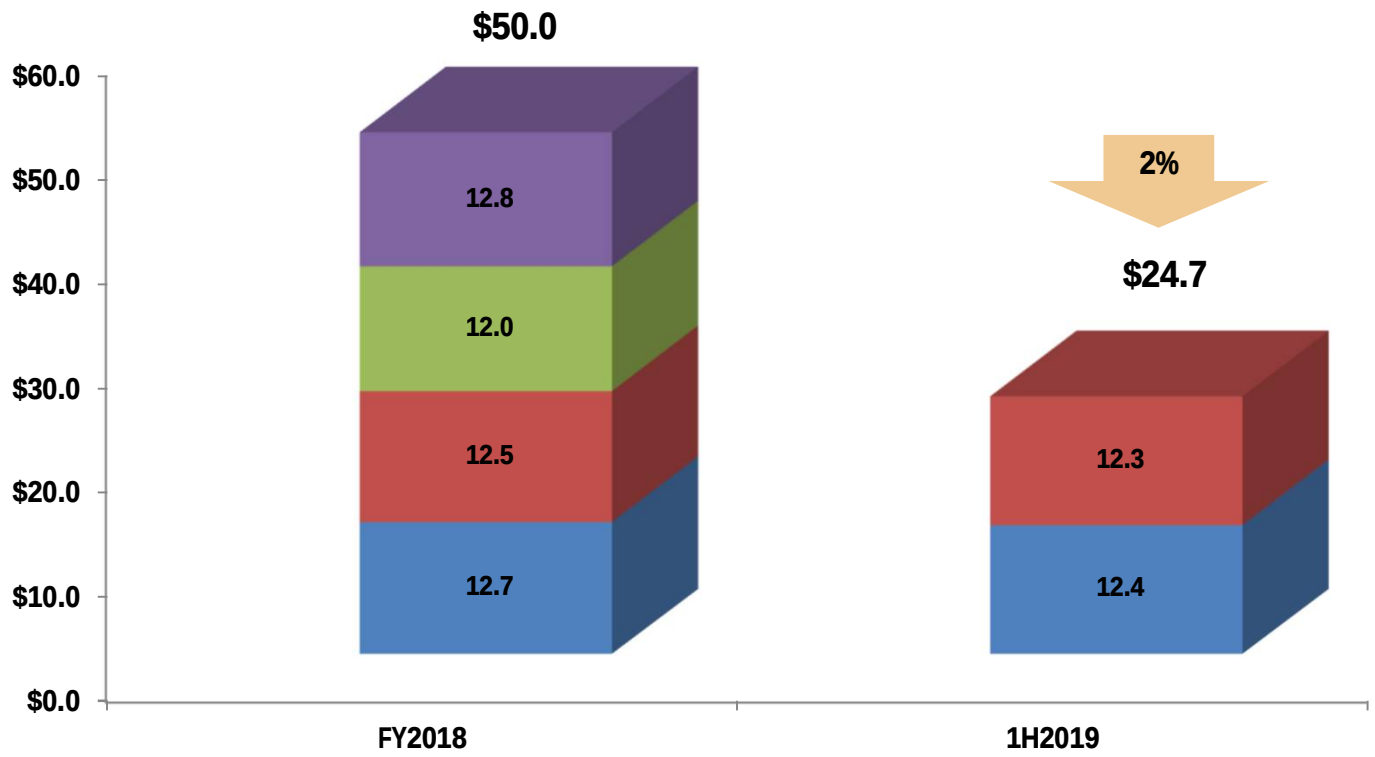
Hotel Ownership

Results Announcement
Half Year Ended 30 June 2019
31st July 2019

Business Review

Hotel Ownership – 1H2019
Hotel Revenue (S$m)

➡ Hotel revenue decreased 2% in 1H2019 to S$24.7m

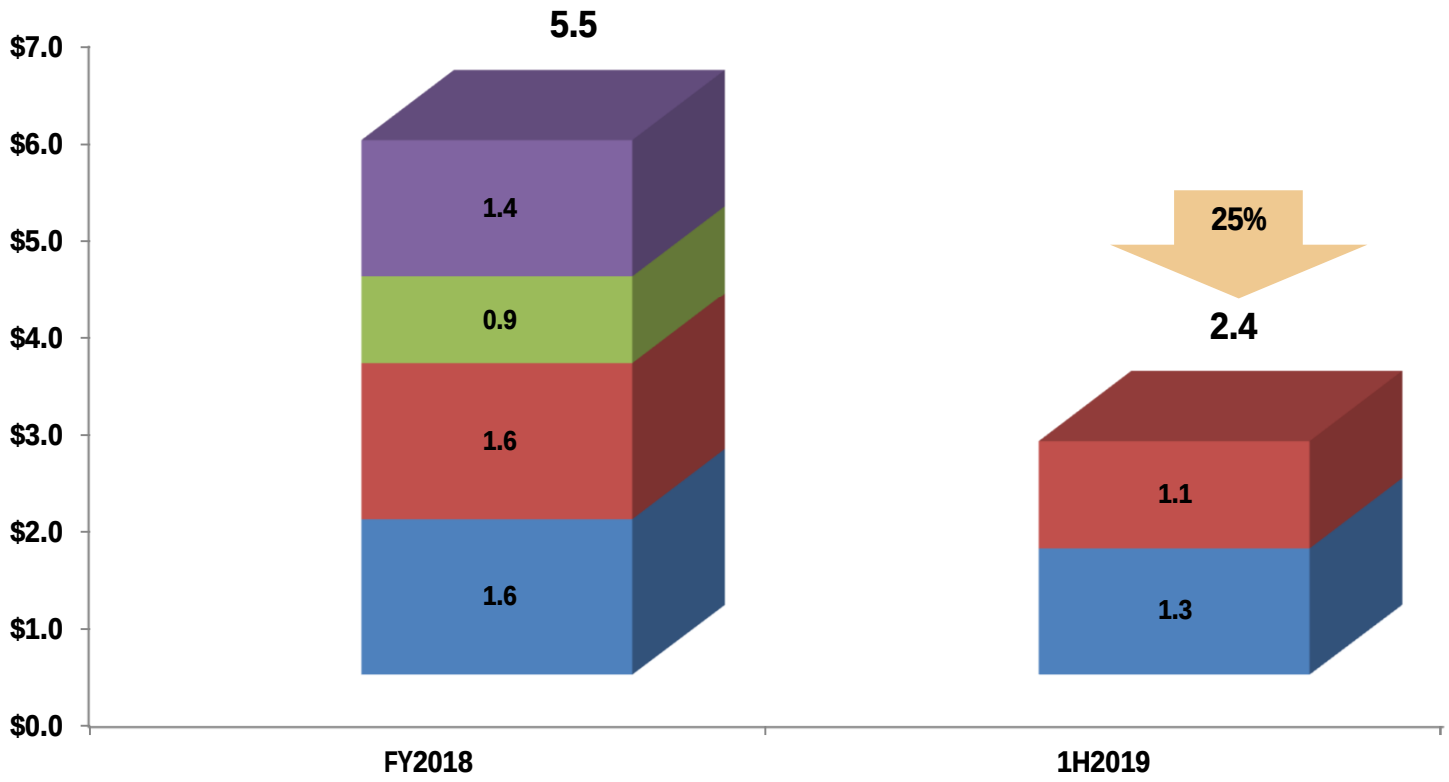


Business Review

Hotel Ownership – 1H2019

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

- Hotel net operating profit decreased 25% in 1H2019 to S$2.4m from S$3.2 m in 1H2018



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"	na
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
Net Book Value as at 30 June 2019	S$55 million	S$31 million (JPY2.57 billion)	S$39.4 million (JPY3.14 billion)	S$52.9 million (US$39.3 million)	S$16.4 million (THB396 million)	S$194.7 million
Valuation as at 31 December 2018	S$525.6 million	S$37.9 million (JPY3.01 billion)	S$39.6 million (JPY3.15 billion)	S$51.4 million (US$38.0 million)	S$16.4 million (THB396 million) (1)	S$670.9 million

(1) The estimate value on completion is S$52.9m (THB 1.26b) . The estimated commencement date of hotel operation is FY2021.

BUSINESS REVIEW

Property Investment

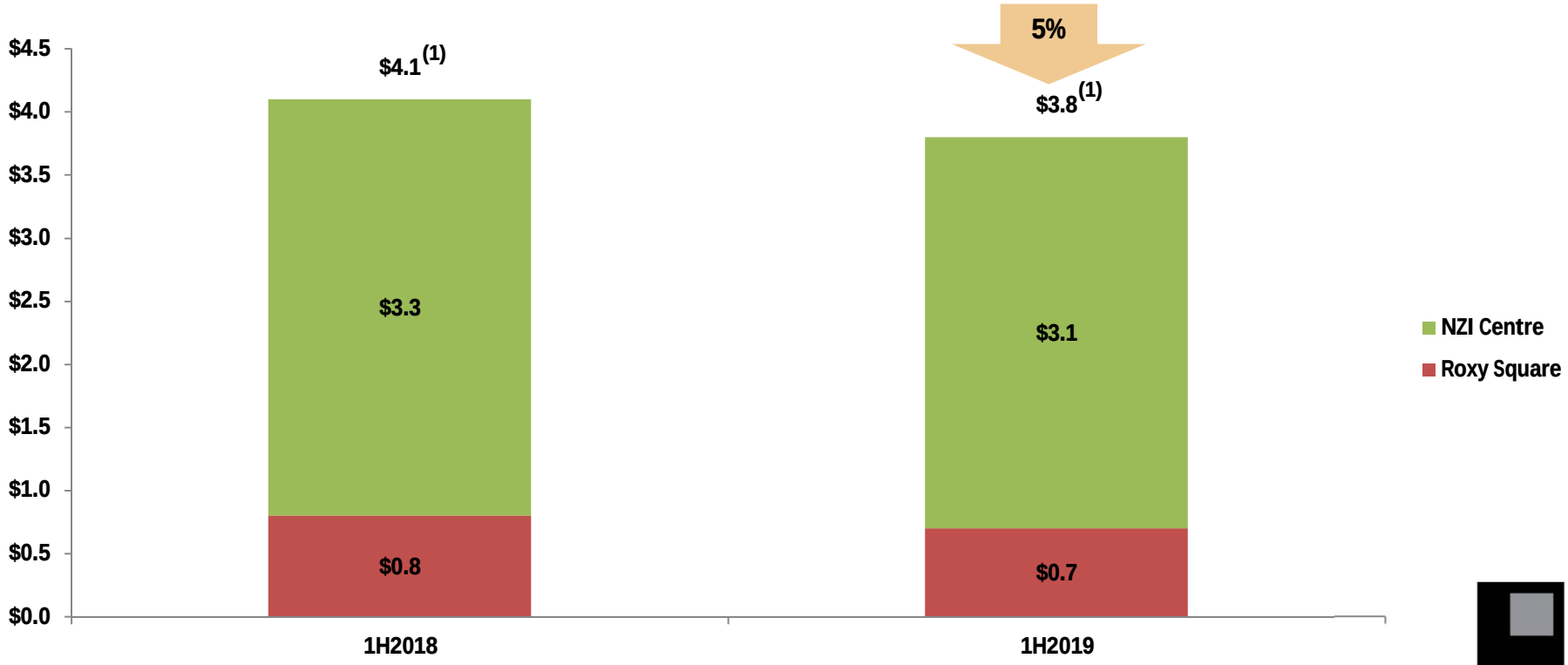
Results Announcement
Half Year Ended 30 June 2019

31st July 2019

Business Review

Property Investment – 1H2019
Revenue (S$'m)

➡ Rental income decreased 5% in 1H2019 to S$3.8m from S$4.1m in 1H2018



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

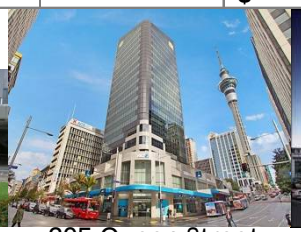
Business Review

Investment Properties

	Location	Description	Date of TOP / acquisition	Group's stake	Net Lettable Area/ Floor Area (sqm)	Occupancy (%) as at 30 June 2019 (on lettable area)	Valuation[1] ($)	Estimated Total Annual Gross Income (S$)
	Held by subsidiary company							
1	50 East Coast Road, Roxy Square, Singapore	49 shop units [2]	1984/1998	100%	2,371	92%	S$64.8 m	1.5m
2	NZI Centre, 1 Fanshawe Street, Auckland, New Zealand	6-Storey commercial building	15-Dec-17	100%	9,446	100%	S$61.1m (NZ$67.4 m)	S$6.3m (NZ$6.9m)
	Total				**11,817**		**$ 125.9**	
	Held by Associate company							
3	205 Queen Street, Auckland, New Zealand	2 Office Tower with 17 and 22 Storey	20-Dec-17	50%	25,367	80%	S$163.6 m (NZ$180.4 m)	S$12.5m (NZ$13.7m)
4	312 St Kilda Road, Melbourne, Australia	6 levels of office and 4 basement levels	23-Jan-18	45%	9,887	99%	S$79.4 m (A$83.7 m)	S$4.3m (A$4.5m)
5	33 Argyle Street, Parramatta NSW, Australia	Office building comprising retail ground floor suite and café, 3 levels of above ground parking, 6 office levels and roof top plant rooms.	08-Jan-19	40%	5,281	100%	S$40.3 m (A$42.5 m)	S$2.8m (A$3.0m)
	Total				**40,535**		**$ 283.3**	

(1) Based on latest valuations as of 30 June 2019
(2) Excludes 3 units which are for owner-use premises

Roxy square


205 Queen Street

NZI Centre

Group Borrowing

Results Announcement
Half Year Ended 30 June 2019
31st July 2019

Group Borrowing

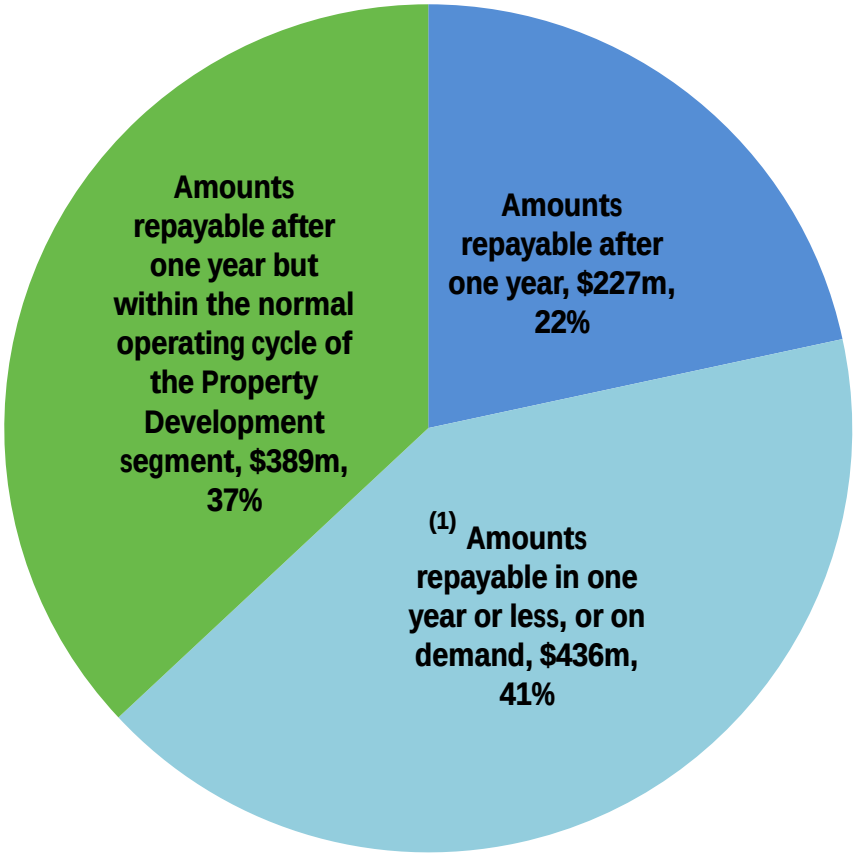
Debt Profile	30 Jun 2019	31 Dec 2018 [1]
Total borrowings (S$m)	S$1,051.7	S$1,042.9
Net borrowings (S$m)	S$823.7	S$751.3
Fixed rate loans including IRS[2] (S$m)	S$329.3	S$226.0
Fixed rate loans including IRS[2] as % of total loans	31%	22%
Weighted average term for fixed rate loans including IRS[2]	21 months	20 months
Weighted average interest rate (fixed rate loans including IRS [2])	2.97%	3.1%
Weighted average interest rate (floating rate loans)	3.0%	2.9%
Interest coverage ratio (times) [3]	2.1	2.6
Cash coverage ratio (times) [4]	10.7	18.0

(1) The figures have been adjusted due to cessation of capitalisation of borrowing cost incurred on residential development projects upon sales launch.
(2) Relates to Interest Rate Swap (IRS) for a development project which is effective from 11 Sept 2019.
(3) calculated by dividing profit before interest and taxes ("EBIT") by the interest expenses for the same period.
(4) calculated by dividing cash balance by the annualised interest expense for the same period.

Group Borrowing

Debt Profile as at 30 Jun 2019 (S$m)

Total outstanding debts of S$1,051.7m as of 30 Jun 2019



(1) S$137.8 m relates to loans for sold units which is expected to be repaid upon obtaining TOP and collections from buyers of the properties. S$175.3m relates to loans for shop units and Grand Mercure Roxy Hotel, Singapore and S$72.6m loans is secured by fixed deposits.

Outlook

1. General

- Latest statistics from MTI showed that the Singapore economy grew 0.1% y-o-y in 2Q2019. [1]
- The Reserve Bank of Australia had projected the country's GDP to grow around 2.0% for 2019. [2]
- Bank of Japan forecasted GDP 2019 to grow between 0.7%-0.9%. [3]

2. Property Development

- URA reported that for 2Q2019, prices of private residential prices increased by 1.5% as compared to the 0.7% decrease in 1Q2019. [4]
- In Australia, the price index for residential properties fell 3.0% y-o-y in 1Q2019, with Sydney registered largest decline of 3.9%. [5]
- The Group currently has one development site in Singapore as its land bank. The Group plans to launch site 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. Both projects will be completed by end of FY2019.
- As at 23rd July 2019, pre-sale revenue from the development projects was S$620.6 million [6], the profit of which will be recognised from 3Q2019 to FY2023.

[1] Ministry of Trade and Industry Singapore, July 12, 2019 – Singapore's GDP Grew by 0.1 Per Cent in the Second Quarter of 2019
[2] Reserve Bank of Australia, 2019 – Statement on Monetary Policy – May 2019
[3] Bank of Japan, April 2019 – Outlook for Economic Activity and Prices April 2019
[4] Urban Redevelopment Authority, July 26, 2019 – Release 2nd Quarter 2019 real estate statistics
[5] Australian Bureau of Statistics, March 19, 2019 – Residential Property Price Indexes: Eight Capital Cities Mar 2019
[6] Pre-sale revenue relating to Australia's Projects amount to $277.8 million

Outlook

3. Hotel Ownership

- Latest statistics from STB showed a 1.5% y-o-y growth in international visitor arrivals as at May 2019. [7]
- Hotel statistics also recorded growth – AOR decrease 0.5 percentage points, total room revenue rose 2.4%, ARR edged up 0.6%, while revenue per available room was flat. [8]
- According to Japan National Tourism Organisation, the estimated number of international travelers to Japan as at May 2019 was around 13.8 million (+4.2% from the previous year).[9]
- The Group targets to open Noku Phuket in 2021.
- The Group has obtained approval to redevelop Melbourne House, a freehold commercial and retail building into a 319-room hotel.

4. Property Investment

- For the Australian office sector, the overall sentiment in commercial property markets, as measured by the NAB Commercial Property Index decreased by 11 point to -2 points in 1Q2019, the first negative read in over four years. [10]
- The Group will continue to explore opportunities to strengthen its income streams and enhance shareholder value.

5. Healthy cash and bank balances of S$228.0 million.

6. Net gearing remains healthy at 0.84 time.

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

[7] Singapore Tourism Board, July 5, 2019 – International Visitor Arrivals Statistics
[8] Singapore Tourism Board, July 5, 2019 – Hotel Statistics 2019
[9] Japan National Tourism Organisation – Japan Tourism Statistics
[10] National Australia Bank, May 2019 – NAB Quarterly Australian Commercial Property Survey Q1 2019

ROXY-PACIFIC HOLDINGS LIMITED

Results Announcement
Half Year Ended 30 June 2019
31st July 2019

THANK YOU

Driving
GROWTH AND
VALUE