

ROXY-PACIFIC HOLDINGS LIMITED

Results Announcement
Full Year Ended 31 December 2019
20th February 2020

Driving
**GROWTH AND
VALUE**



Agenda

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



Financial Performance

2019 Overview

- Net profit attributable to shareholders increase by 42% on the back of 234% surge in revenue, driven by revenue recognition from Property Development segment
- Total pre-sale revenue of S\$471.2 million (FY2018: S\$593.0 million) to be recognised from 1Q2020 to FY2023.
- Completion of acquisition for an investment property in 33 Argyle Street in Australia and a retail building situated at Ginza, Japan.
- Six projects launched in Singapore, comprising a total of 604 residential units and 2 commercial units.
- Net gearing remains healthy at 0.58 time notwithstanding the above acquisitions.
- Good headroom with cash and bank balances of S\$331.0 million.
- Proposed final dividend of 1.09 SGD cents per share, 55% higher compared to 2018.

Financial Performance

| Financial Results | FY2019 | FY2018 | % change |
|--|--------|---------------------|-----------------------|
| Revenue (S\$m) | 444.0 | 132.9 | 234% |
| Gross Profit (S\$m) | 106.2 | 50.8 | 109% |
| Gross Margin (%) | 24% | 38% | -14ppt ⁽¹⁾ |
| Share of results of associates (net of tax) (S\$m) | 8.5 | 20.1 ⁽²⁾ | -58% |
| Pre-tax profit (S\$m) | 44.6 | 25.2 | 77% |
| Net Profit (S\$m) | 29.1 | 21.1 | 38% |
| Net Profit attributable to shareholders (S\$m) | 30.3 | 21.3 | 42% |
| EPS (SGD cents) | 2.32 | 1.63 | 43% |

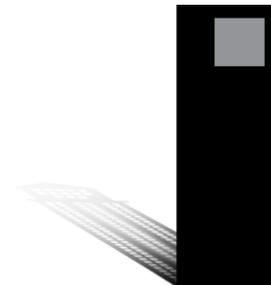
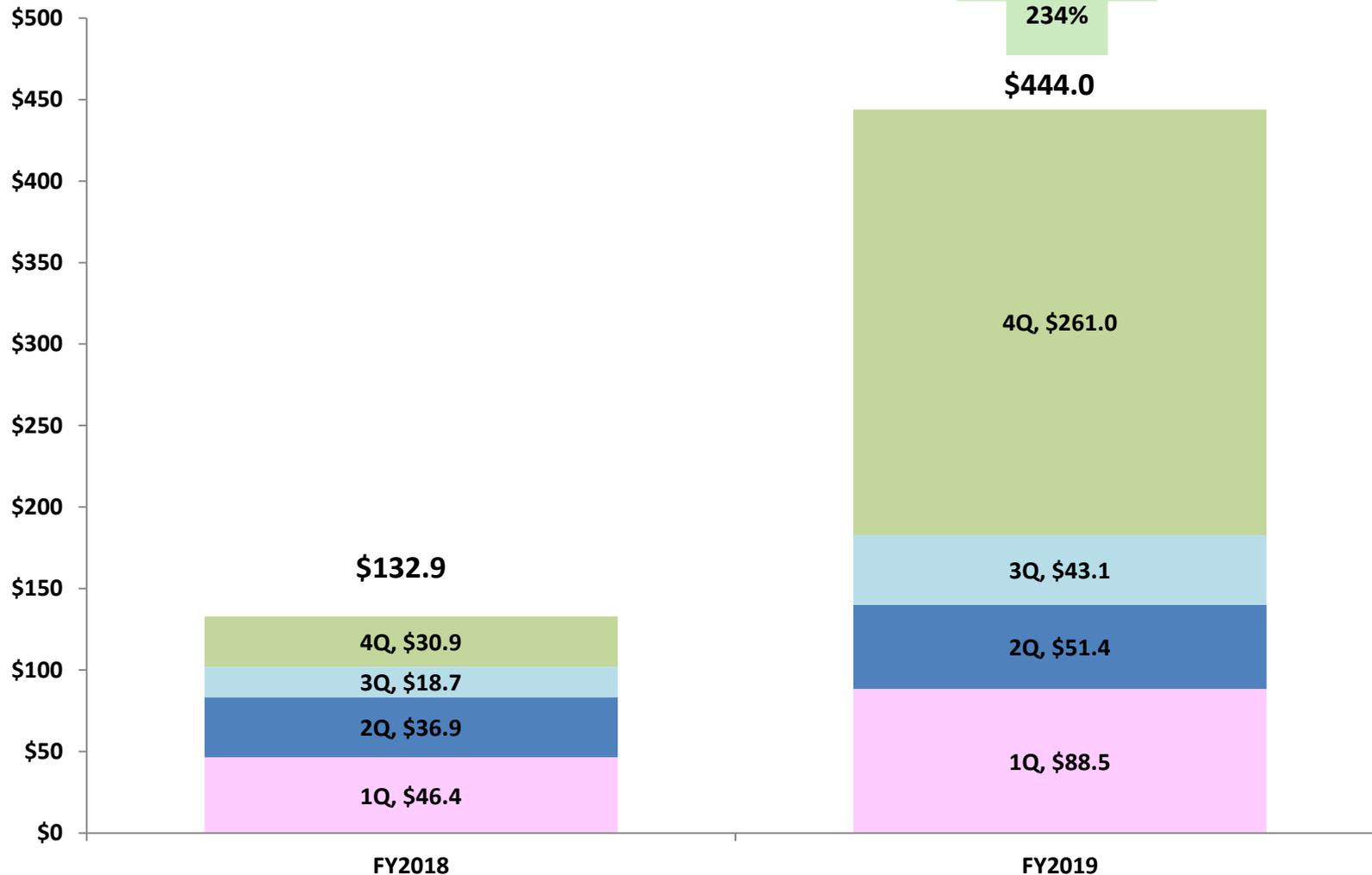
⁽¹⁾ The decrease in gross margin in 2019 was mainly due to higher contribution from Property Development segment which has a lower profit margin.

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

Financial Performance

Financial Performance Turnover (S\$m)

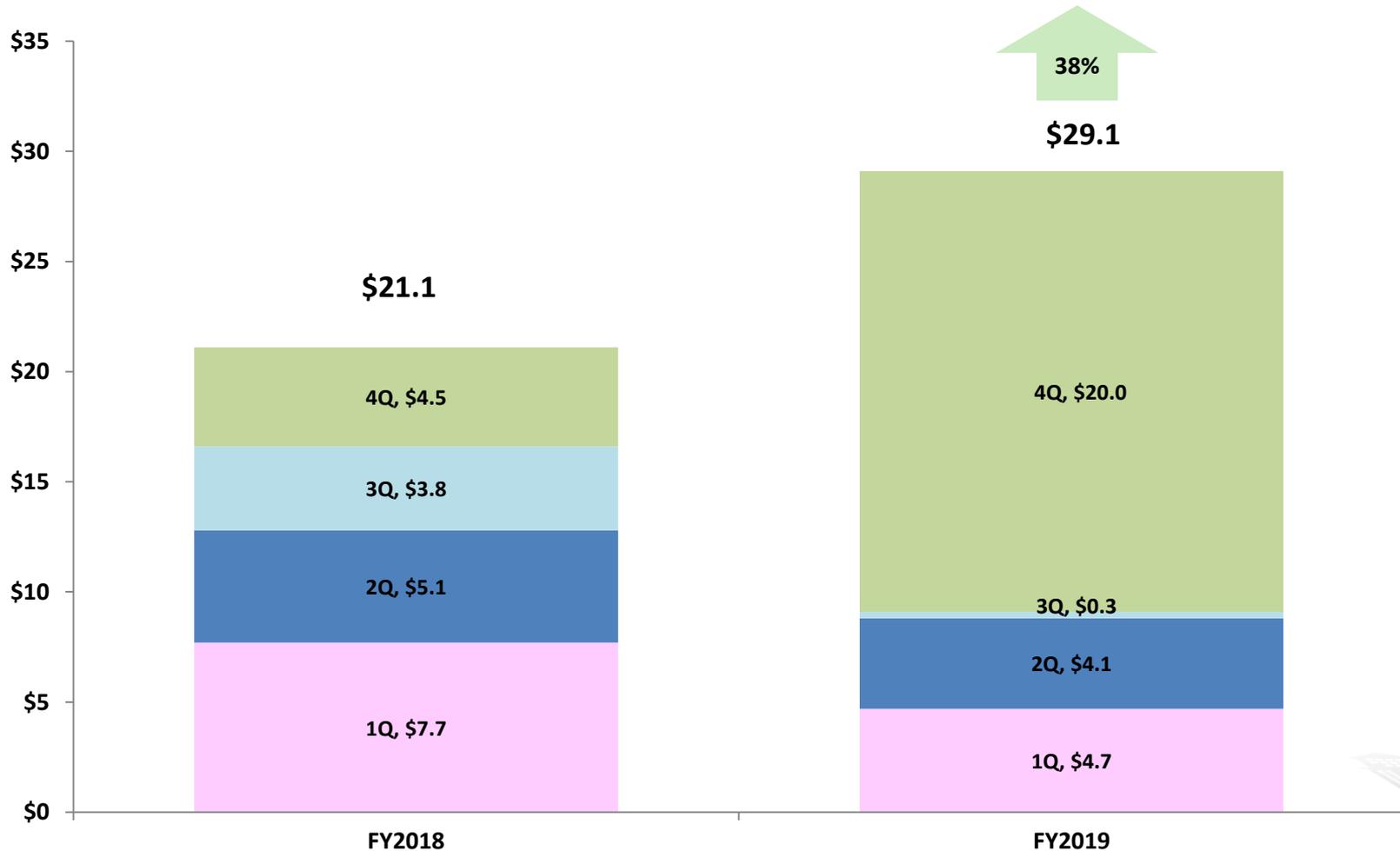
→ FY2019 revenue increased by 234% to S\$444.0m



Financial Performance

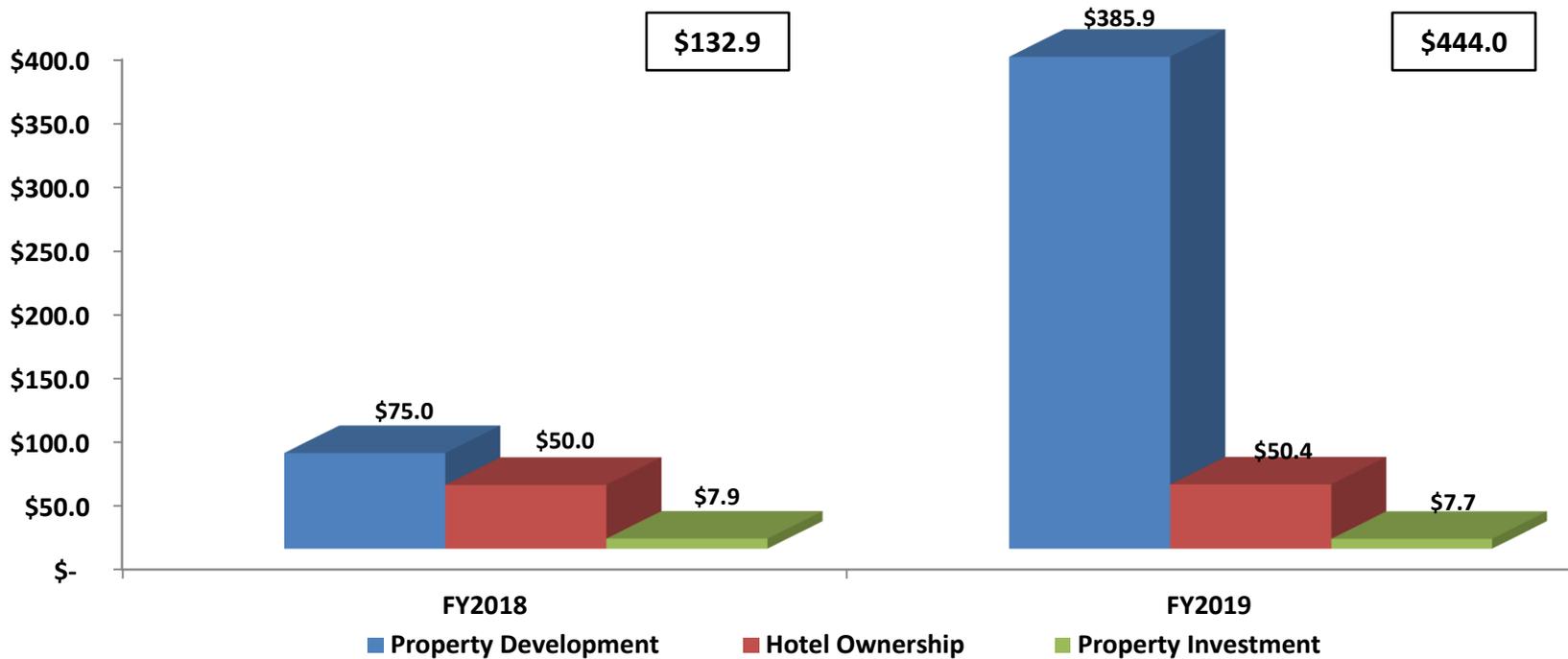
Financial Performance Profit After Tax (\$\$'m)

➡ FY2019 net profit increased by 38% to S\$29.1m



Financial Performance

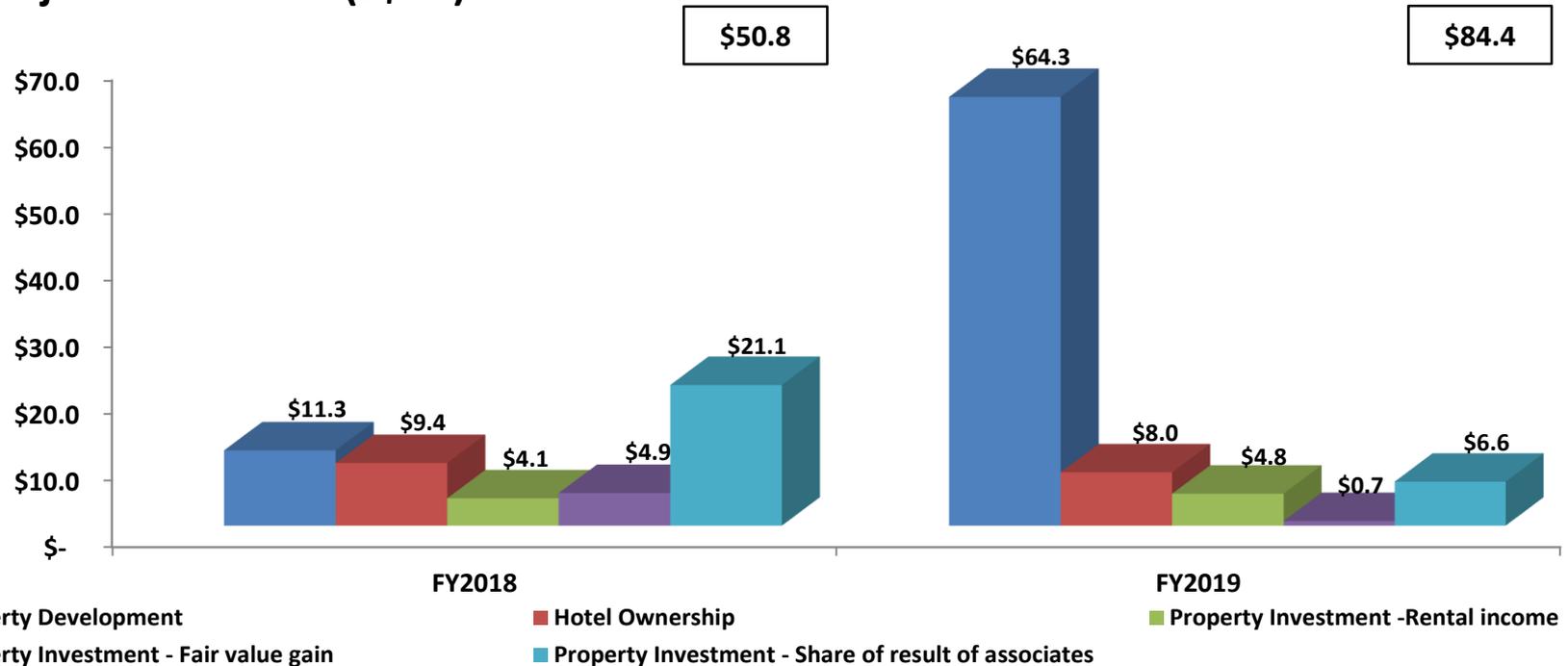
Segment Results – FY2019 Revenue (\$\$'m)



| | FY2018 | FY2019 |
|----------------------|--------|--------|
| Property Development | 56% | 87% |
| Hotel Ownership | 38% | 11% |
| Property Investment | 6% | 2% |
| | 100% | 100% |

Financial Performance

Segment Results – FY2019 Adjusted EBITDA* (\$'m)



| | FY2018 | FY2019 |
|---|--------|--------|
| Property Development | 22% | 76% |
| Hotel Ownership | 19% | 9% |
| Property Investment - Rental income | 8% | 6% |
| Property Investment - Fair value gain | 10% | 1% |
| Property Investment - Share of result of associates | 41% | 8% |
| | 100% | 100% |

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

Financial Performance

| Financial Position | 31 Dec 2019 (S\$m) | 31 Dec 2018 (S\$m) |
|--|-------------------------------|-------------------------------|
| Total assets | 1,597.3 | 1,707.4 |
| Total debt | 915.1 | 1,042.9 |
| Cash & bank balances ⁽¹⁾ | 331.0 | 291.6 |
| Net debt | 584.1 | 751.3 |
| Net asset value (“NAV”) | 510.6 | 496.3 |
| Revaluation surplus ⁽²⁾ | 504.3 | 485.2 |
| Adjusted net asset value (“ANAV”) | 1,014.9 | 981.5 |

(1) Cash holdings include project account monies amounting to S\$45.2m as at 31 December 2019 (31 December 2018: S\$71.3m) and S\$81.3m (31 December 2018: S\$71.2m) pledged to banks and financial institutions.

(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\$722.8m as at 31 December 2019 (31 December 2018: S\$692.3m) as compared to net book value of S\$218.4m (31 December 2018: S\$207.1m).

Financial Performance

| Financial Ratios | 31 Dec 2019 | 31 Dec 2018 |
|--|-------------|-------------|
| NAV per share (SGD cents) | 39.16 | 38.06 |
| ANAV per share (SGD cents) ⁽¹⁾ | 77.83 | 75.27 |
| Cash holdings per share (SGD cents) ⁽²⁾ | 25.38 | 22.36 |
| Net debt to ANAV (times) | 0.58 | 0.77 |
| Total debt to ANAV (times) | 0.90 | 1.06 |
| Return on equity (%) ⁽³⁾ | 5.9% | 4.3% |

(1) 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\$722.8m as at 31 December 2019 (31 December 2018: S\$692.3m) as compared to net book value of S\$218.4m (31 December 2018: S\$207.1m).

(2) Cash holdings include project account monies amounting to S\$45.2m as at 31 December 2019 (31 December 2018: S\$71.3m) and S\$81.3m (31 December 2018: S\$71.2m) pledged to banks and financial institutions.

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

BUSINESS REVIEW

Property Development

Results Announcement

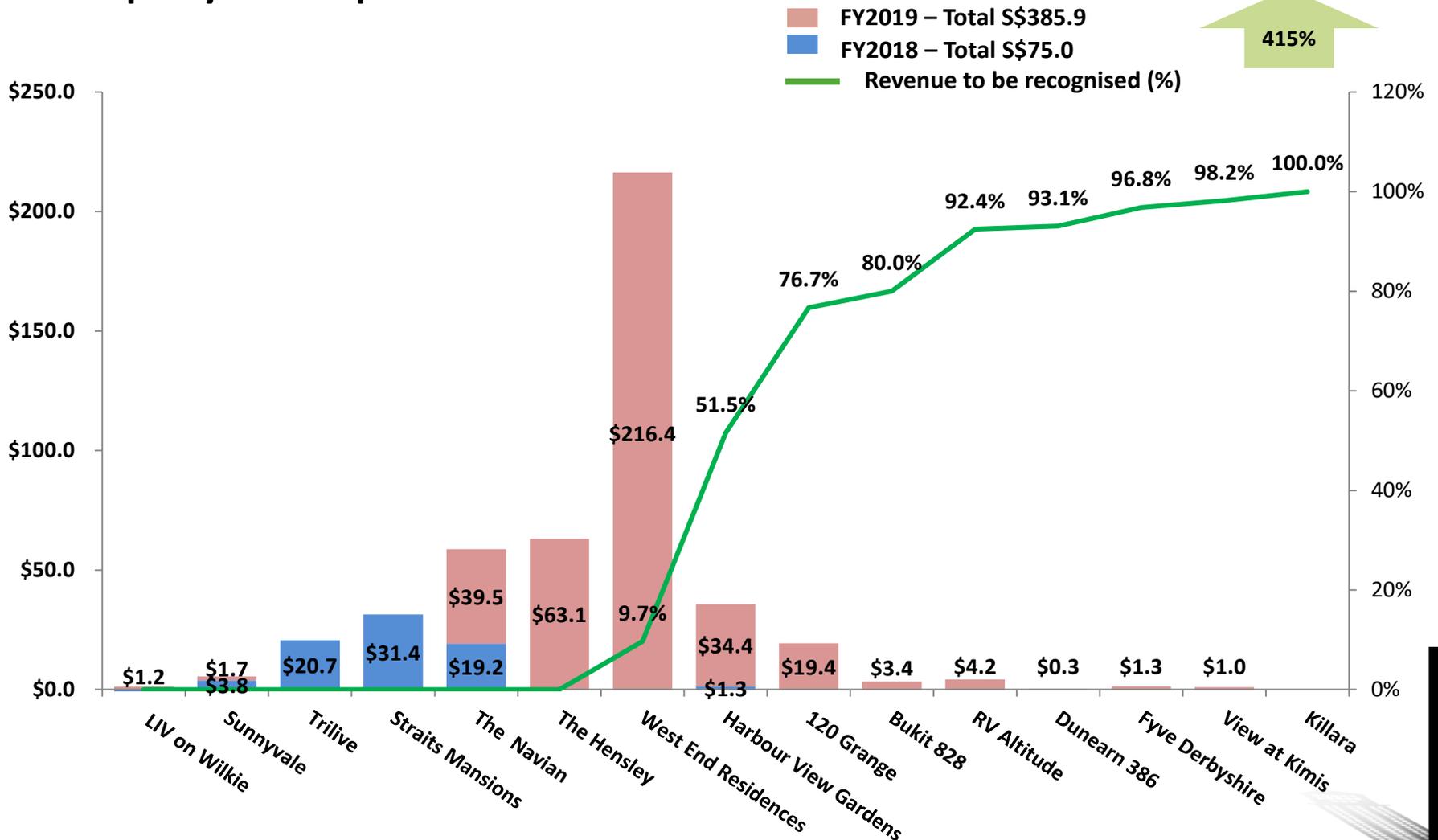
Full Year Ended 31 December 2019

20th February 2020

Business Review

Property Development

Revenue from Property Development (S\$'m)



▶ FY2019 Property Development revenue was mainly attributable to The Navian, Harbour View Gardens, 120 Grange, West End Residences and The Hensley. The increase in revenue was mainly due to lump sum revenue recognition for The Hensley and West End Residences 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 | Balance attributable progress billings to be recognised from |
|---------------------------------|---------------------|---------------|-----------------------------|-------------|--|---------------------------------|--|
| | | | | | | up to 31 December 2019 \$'m | 1Q2020 \$'m |
| Singapore | | | | | | | |
| 1 Harbour View Gardens | Residential | 100% | 57 | 100% | \$ 73.7 | \$ 35.7 | \$ 38.0 |
| 2 120 Grange | Residential | 90% | 56 | 80% | \$ 74.9 | \$ 17.4 | \$ 57.5 |
| 3 Bukit 828 | Residential | 80% | 34 | 47% | \$ 14.5 | \$ 2.7 | \$ 11.8 |
| 4 Arena Residences | Residential | 50% | 98 | 72% | \$ 46.8 | \$ 8.6 | \$ 38.2 |
| 5 RV Altitude | Residential | 100% | 140 | 30% | \$ 67.0 | \$ 4.2 | \$ 62.8 |
| 6 Fyve Derbyshire | Residential | 100% | 71 | 34% | \$ 46.0 | \$ 1.3 | \$ 44.7 |
| 7 Wilshire Residences | Residential | 40% | 85 | 12% | \$ 7.1 | \$ 0.1 | \$ 7.0 |
| 8 Dunearn 386 | Residential | 100% | 35 | 23% | \$ 12.5 | \$ 0.3 | \$ 12.2 |
| 9 VIEW AT Kismis | Residential | 60% | 186 | 37% | \$ 51.6 | \$ 0.7 | \$ 50.9 |
| 10 NEU AT Novena | Residential | 50% | 87 | 77% | \$ 59.3 | - | \$ 59.3 |
| Malaysia | | | | | | | |
| 11 Wisma Infinitum - The Colony | Residential | 47% | 423 | 81% | \$ 62.1 | \$ 31.7 | \$ 30.4 |
| Wisma Infinitum - The Luxe | Residential | 47% | 300 | 53% | \$ 34.2 | \$ 16.6 | \$ 17.6 |
| Australia | | | | | | | |
| 12 Octavia Killara | Residential | 100% | 43 | 98% | \$ 40.8 | - | \$ 40.8 |
| Total | | | 1,615 | | \$ 590.5 | \$ 119.3 | \$ 471.2 |

(i) For Singapore projects, sale value is based on Option to Purchase granted up to 12 February 2020.

(ii) For overseas projects, sale value is based on contract signed up 12 February 2020.

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

Hotel Ownership

Results Announcement

Full Year Ended 31 December 2019

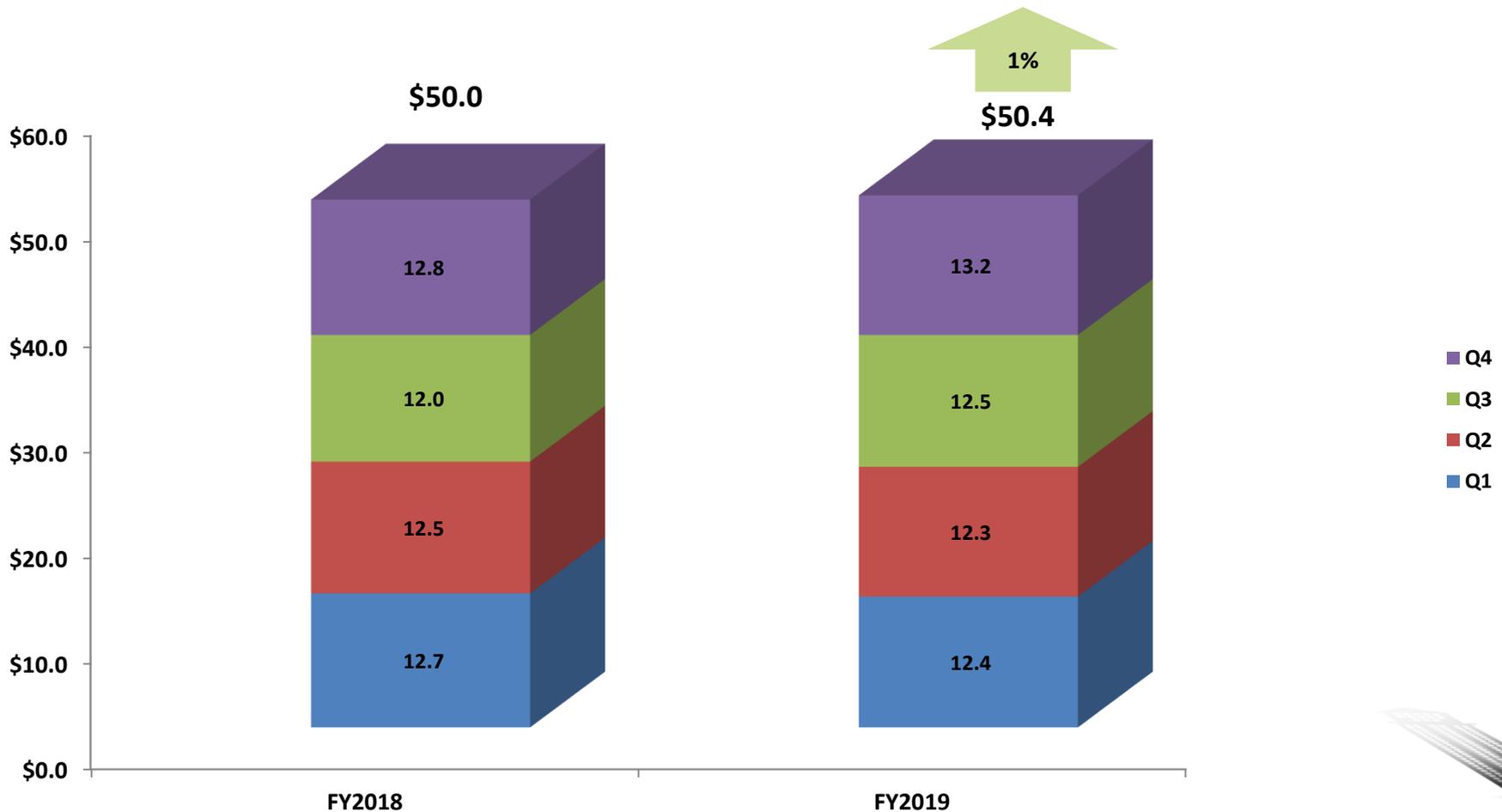
20th February 2020

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Business Review

Hotel Ownership – FY2019 Hotel Revenue (\$m)

➔ Hotel revenue increased by 1% to S\$50.4m in FY2019

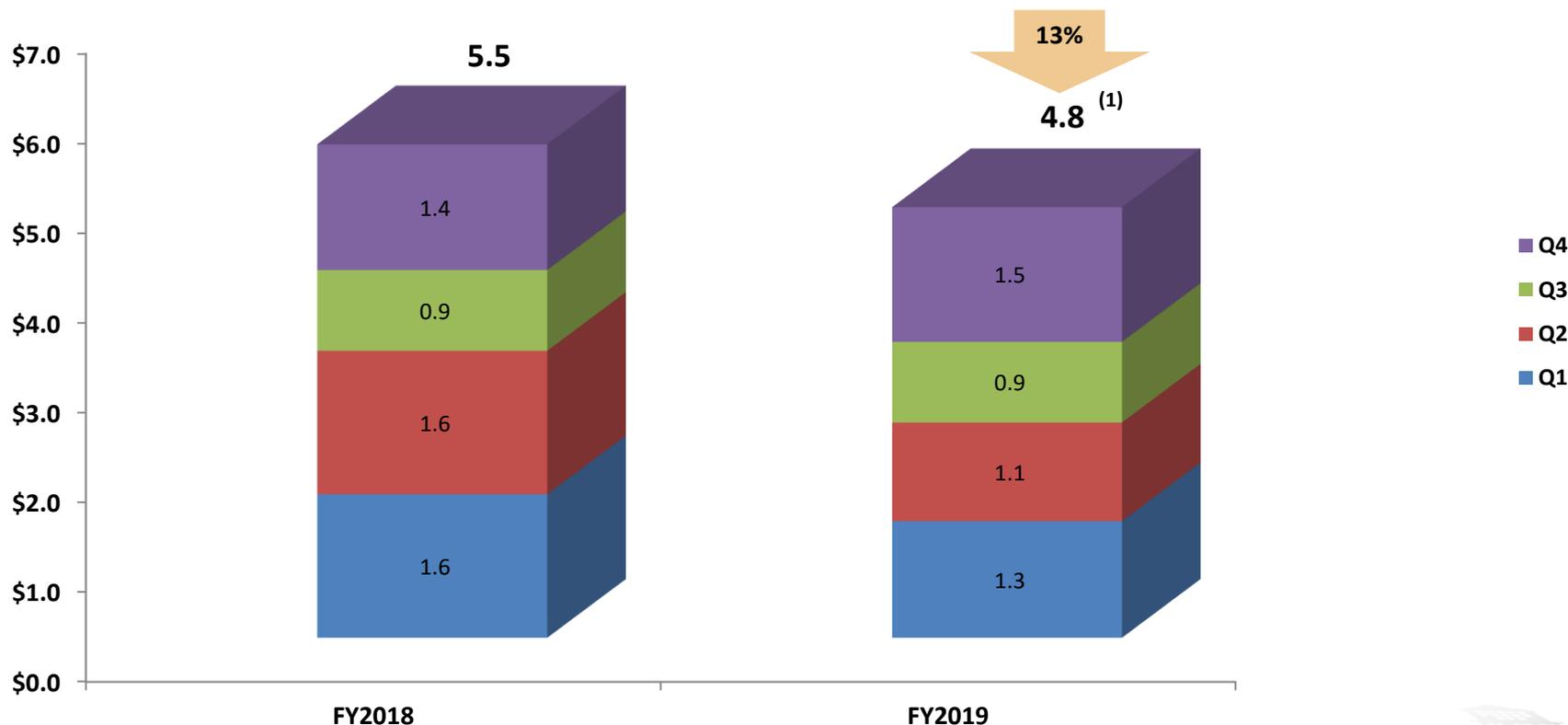


Business Review

Hotel Ownership – FY2019

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

➔ Hotel net operating profit decreased 13% in FY2019 to S\$4.8m from S\$5.5m in FY2018



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

(1) FY2019 NOP decreased due to lower revenue and profit margin contributed from Grand Mercure Roxy Hotel.

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 | 2-Oct-14 | 17-Oct-17 | 11-May-16 | 6-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 31 December 2019 | S\$62.8 million | S\$30.2 million (JPY2.40 billion) | S\$38.4 million (JPY3.10 billion) | S\$49.5 million (US\$36.8 million) | S\$35.0 million (THB775 million) | S\$215.9 million |
| Valuation as at 31 December 2019 | S\$538.0 million | S\$36.8 million (JPY2.97 billion) | S\$38.7 million (JPY3.12 billion) | S\$51.2 million (US\$38.0 million) | S\$35.0 million ⁽¹⁾ (THB775 million) | S\$699.7 million |

(1) The estimate market value is S\$56.9m (THB 1.26b) . The estimated commencement date of hotel operation is FY2021.





BUSINESS REVIEW

Property Investment

Results Announcement

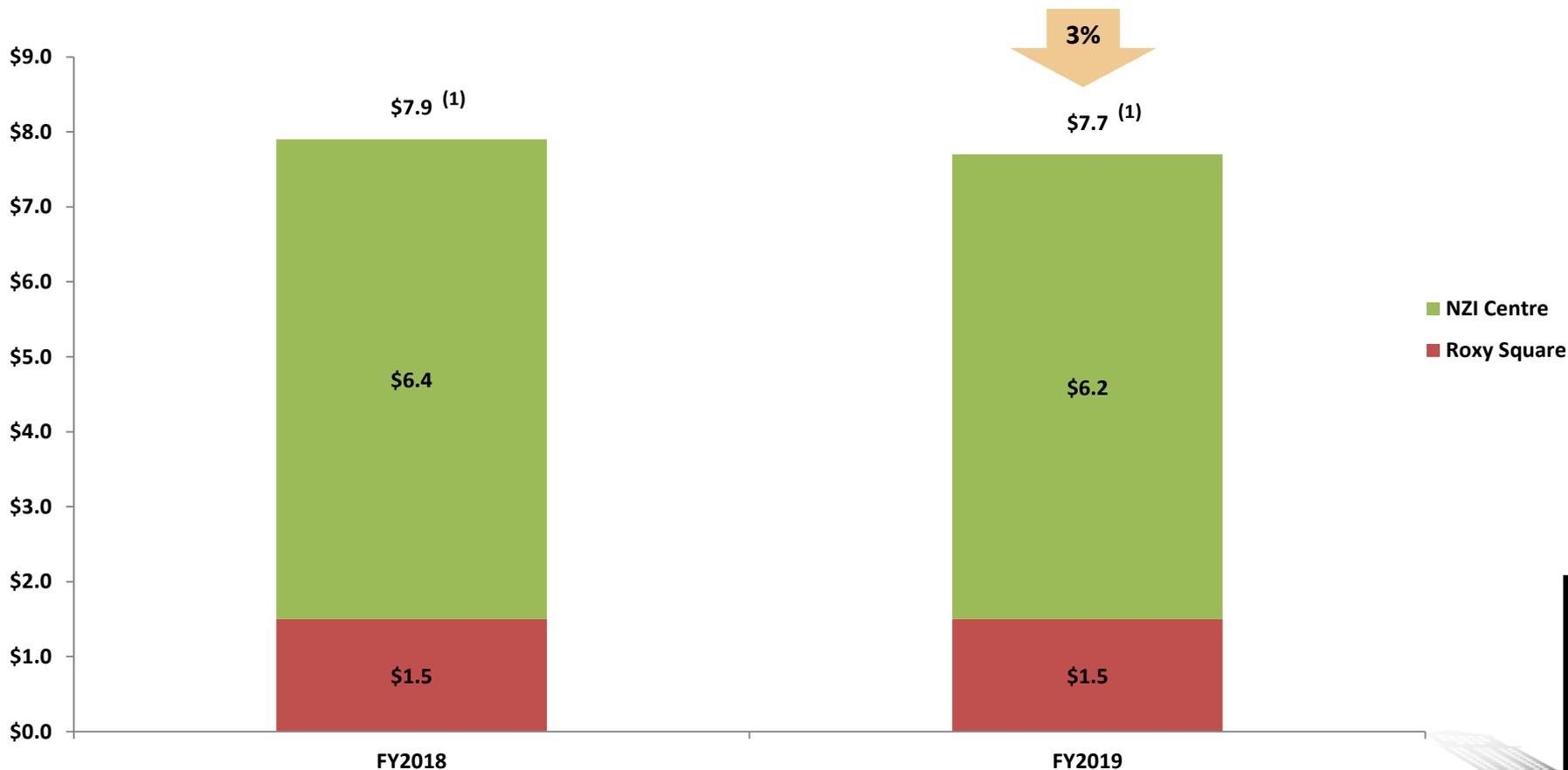
Full Year Ended 31 December 2019

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Business Review

Property Investment – FY2019 Revenue (S\$m)

➡ Rental income decreased 3% in FY2019 to S\$7.7m from S\$7.9m in FY2018



(1) Excludes rental income from investment property held by associate 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 December 2019 (on lettable area) | Valuation ⁽¹⁾ (\$) | Estimated Total Annual Gross Income ⁽³⁾ (\$) |
|-----------------------------------|--|--|--------------------------|---------------|-------------------------------------|---|-------------------------------------|---|
| Held by subsidiary company | | | | | | | | |
| 1 | 50 East Coast Road, Roxy Square, Singapore | 49 shop units ⁽²⁾ | 1984/1998 | 100% | 2,371 | 85% | S\$64.8m | S\$1.5m |
| 2 | NZI Centre, 1 Fanshawe Street, Auckland, New Zealand | 6-Storey commercial building | 15-Dec-17 | 100% | 9,446 | 100% | S\$61.8m (NZ\$68.2m) | S\$6.3m (NZ\$6.9m) |
| | Total | | | | 11,817 | | \$ 126.6 | |
| Held by Associate company | | | | | | | | |
| 3 | 205 Queen Street, Auckland, New Zealand | 2 Office Tower with 17 and 22 Storey | 20-Dec-17 | 50% | 25,368 | 88% | S\$171.3m (NZ\$189.0m) | S\$13.6m (NZ\$14.9m) |
| 4 | 312 St Kilda Road, Melbourne, Australia | 6 levels of office and 4 basement levels | 23-Jan-18 | 45% | 9,887 | 100% | S\$79.2m (A\$84.0m) | S\$5.8m (A\$6.2m) |
| 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. | 8-Jan-19 | 40% | 5,281 | 100% | S\$42.0m (A\$44.5m) | S\$2.9m (A\$3.1m) |
| 6 | 2-15, 7-chome, Ginza, Chuo-ku, Tokyo | 6 levels retail building | 27-Jun-19 | 53% | 382 | 100% | S\$83.1m (JPY 6.7b) | S\$1.42m (JPY 114.3m) |
| 7 | 23-10 Udagawacho, Shibuya-ku, Tokyo | 5-storey retail building | 07-Feb-20 ⁽⁴⁾ | 49% | 679 | 100% ⁽⁵⁾ | S\$691.8 ⁽⁵⁾ (JPY 55.8b) | S\$2.03m ⁽⁵⁾ (JPY 163.9m) |
| | Total | | | | 41,597 | | \$ 1,067.4 | |

- (1) Based on latest valuations as of 31 December 2019
 (2) Excludes 3 units which are for owner-use premises
 (3) Based on occupancy as at 31 December 2019
 (4) Entered into Sales and Purchase agreement
 (5) Occupancy, valuation and estimated total annual gross income are as of 7 Feb 2020.



Roxy square



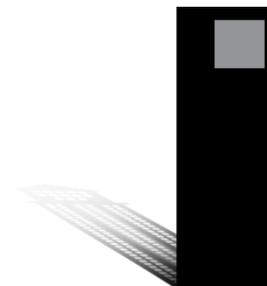
205 Queen Street



NZI Centre

Group Borrowing

Results Announcement
Full Year Ended 31 December 2019
20th February 2020



Group Borrowing

| Debt Profile | 31 Dec 2019 | 31 Dec 2018 |
|---|---------------------|-------------|
| Total borrowings (S\$m) | S\$915.1 | S\$1,042.9 |
| Net borrowings (S\$m) | S\$584.1 | S\$751.3 |
| Fixed rate loans including IRS ⁽¹⁾ (S\$m) | S\$276.2 | S\$226.0 |
| Fixed rate loans including IRS ⁽¹⁾ as % of total loans | 30% | 22% |
| Weighted average term for fixed rate loans including IRS ⁽⁴⁾ | 19 months | 20 months |
| Weighted average interest rate (fixed rate loans including IRS ⁽¹⁾) | 2.9% ⁽²⁾ | 3.1% |
| Weighted average interest rate (floating rate loans) | 2.8% ⁽³⁾ | 2.9% |
| Interest coverage ratio (times) ⁽⁴⁾ | 2.9 | 2.6 |
| Cash coverage ratio (times) ⁽⁵⁾ | 14.3 | 18.0 |

(1) Relates to Interest Rate Swap (IRS) for a development project which is effective from 11 Sept 2019.

(2) Decrease due to IRS for a development project which has a lower interest rate.

(3) Decrease due to repayment of overseas loan for development projects which has a higher interest rate.

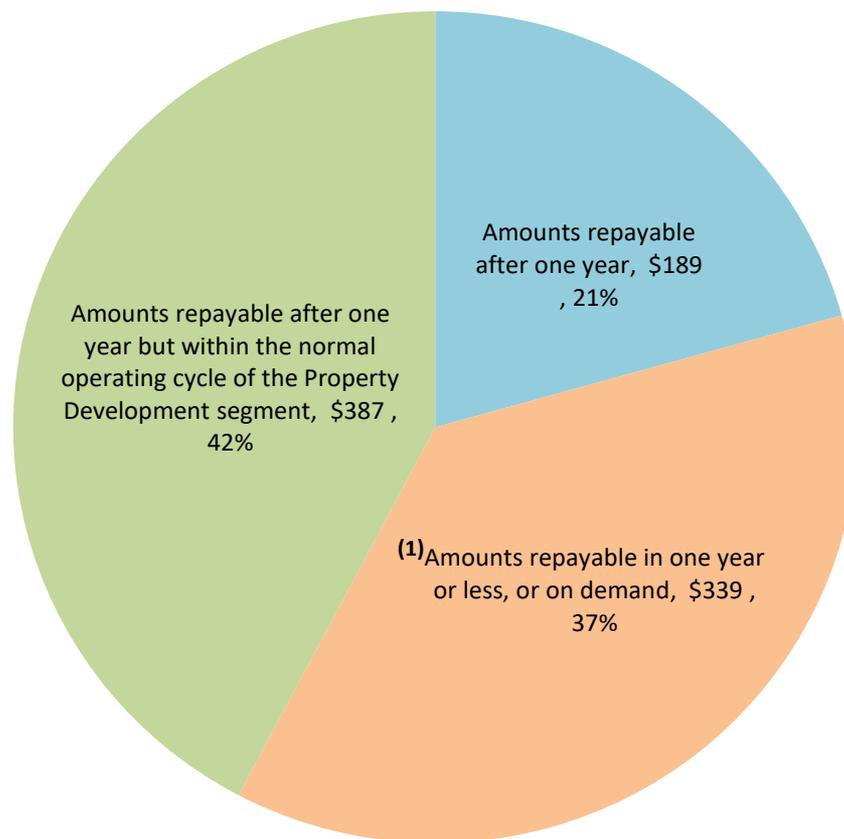
(4) calculated by dividing profit before interest and taxes ("EBIT") by the interest expenses for the same period.

(5) calculated by dividing cash balance by the annualised interest expense for the same period.

Group Borrowing

Debt Profile as at 31 Dec 2019 (\$m)

Total outstanding debts of S\$915.1m as of 31 December 2019



(1) S\$32.6m relates to loans for sold units which is expected to be repaid upon obtaining TOP and collections from buyers of the properties. S\$193.3m relates to loans for shop units and Grand Mercure Roxy Hotel, Singapore and S\$72.4m loans is secured by fixed deposits.

Outlook

1. General

- Latest statistics from MTI showed that the Singapore economy grew 1.0% y-o-y in 4Q2019. Due to outbreak of COVID-19, MTI has downgraded its 2020 gross domestic product (“GDP”) growth forecast for Singapore to between -0.5% to 1.5%, from 0.5% to 2.5% in its previous forecast. ¹
- The Reserve Bank of Australia had projected the country’s GDP to grow by 2.25% for the year ending Dec 2019. ²
- Revised Cabinet office data showed Japan’s economy contracted an annualised 6.3% in 4Q2019. ³
- For 2020, the COVID-19 outbreak could result in a negative impact to the global economy. Currently, the Group is monitoring the situation closely and stepping up precautionary measures.

2. Property Development

- URA reported that for 4Q2019, prices of private residential prices increased by 0.5% as compared to the 1.3% increase in 3Q2019. ⁴
- Interim Occupation Certificate was obtained on 10 October 2019 for West End Glebe with 97% sold and the revenue has been recognised from 4Q2019.
- Final Occupation Certificate was obtained on 17 December 2019 for Octavia Killara in Sydney with 1 unit left unsold.
- As at 12th February 2020, pre-sale revenue from the development projects was S\$471.2 million, the profit of which will be recognised from 1Q2020 to FY2023.

¹ *Ministry of Trade and Industry Singapore, February 17, 2020 – MTI Downgrades 2020 GDP Growth Forecast to “-0.5 to 1.5 Per Cent”*

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

³ *Cabinet Office, Government of Japan, February 17, 2020 – Quarterly Estimates of GDP for Oct.-Dec. 2019 (The First Preliminary)*

⁴ *Urban Redevelopment Authority, January 23, 2020 – Release of 4th Quarter 2019 real estate statistics*

Outlook

3. Hotel Ownership

- Latest statistics from STB showed a 2.9% y-o-y growth in international visitor arrivals as at November 2019. ⁶
- According to Japan National Tourism Organisation, the estimated number of international travelers to Japan for 2019 was about 31.9 million (+2.2% from the previous year).⁷
- Looking ahead, Japan's hospitality sector is expected to be impacted by the COVID-19 outbreak.

4. Property Investment

- For the Australian office sector, NAB Commercial Property Index fell by 4 point to +3 points in 3Q2019. ⁸
- The Group acquired a 53.1% stake in a retail building situated at Ginza, which is widely known as a popular upscale shopping and entertainment district of Tokyo.
- With the successful acquisition of the retail building at Ginza, the Group had entered into an agreement in February 2020 to acquire a 49% stake in a retail building situated at Shibuya, which is also one of the most popular districts of Tokyo.

5. Healthy cash and bank balances of S\$331.0 million.

6. Net gearing remains healthy at 0.58 time.

7. The Group will continue to monitor market developments closely, including the potential effects of the COVID-19 outbreak on the property market and hospitality sector. Barring any unforeseen circumstances, the directors expect the Group to be profitable in the financial year ending 31 December 2020.

⁶ Singapore Tourism Board, December 30, 2019 – International Visitor Arrivals Statistics

⁷ Japan National Tourism Organization, December 2019 – Japan Tourism Statistics

⁸ National Australia Bank, October 30, 2019 – NAB Quarterly Australian Commercial Property Survey Q3 2019

ROXY-PACIFIC HOLDINGS LIMITED

Results Announcement

Full Year Ended 31 December 2019

20th February 2020

THANK YOU

**Driving
GROWTH AND
VALUE**

