

The Sydney Morning Herald

Folkestone, Roxy Pacific see solid earnings growth

Date: Feb 28/2017



By **Carolyn Cummins**

Folkestone Group and Singaporean Roxy-Pacific Holdings are on the expansion trail across the country to take advantage of the strong office, education, hotel and residential property markets.

Both reported earnings gains and say development and acquisitions are on the cards for coming months.

The releases mark the end of the December reporting season, which was characterised by rising office rents due to lower vacancy rates, improving retail markets for the landlords, and ongoing demand for distribution centres based on the growth of e-commerce.

Folkestone's chief executive Greg Paramor, said the group was on track to launch two new funds, the Folkestone Wollert Development Fund and the Folkestone Green Square Hotel Fund in the second half of the 2017 financial year.

The group specialises in the education and seniors living markets and is now looking at the hotel sector for expansion. It also has funds management and is associated with the Folkestone Maxim A-REIT Securities Fund, which was the No. 1 performing fund over one, two and three years in the Mercer Investment Performance Survey of Australian Real Estate Securities (REIT) (Active Funds), as at December 31, 2016.

"In addition, Folkestone is in due diligence on a number of opportunities that will either be acquired on balance sheet and sold down at a later date to Folkestone funds, or acquired directly by new funds established by Folkestone," Mr Paramor said.

One of these is the planned Folkestone Green Square Hotel Fund, scheduled in the June 2017 quarter, to raise about \$22.5 million of third party capital which, together with construction finance, will fund the development of the 142-room hotel in Sydney.

Source: <http://www.smh.com.au/business/property/folkestone-roxy-pacific-see-solid-earnings-growth-20170228-gumz2o.html>

The Sydney Morning Herald

It will be on a "fund-through" basis reducing Folkestone and Furnished Property's funds employed to develop the hotel. The fund will own the hotel long-term.

For the half to December, 31, 2016, Folkestone delivered a statutory net profit after tax of \$3.2 million, a 6 per cent rise on the \$3 million in the previous corresponding half, This represents statutory basic earnings per share (EPS) of 2.2¢. The dividend guidance is of a fully franked dividend of 2.625¢ for the full, assuming no material change in market conditions.

The Singaporean Roxy-Pacific reported a \$S49.8 million (\$46.1 million) net profit for the full year and said it is continuing to look for growth in Australia through greenfield development and asset "recycling".

It is selling its stake in 59 Goulburn Street, Sydney, valued at about \$160 million and will use the cash for expansion of the portfolio. In February 2016, the group acquired a 50 per cent interest in a 14-storey, freehold, commercial building at 117 Clarence Street in Sydney's CBD

Teo Hong Lim, the executive chairman and chief executive of Roxy-Pacific, said amid softer market conditions, opportunities remain and "we continue to be on the lookout selectively for suitable land banks for development".

"Of the five freehold properties, the group's 7125-square-metre Glebe, Australia, site will consist of 231 residential units with a planned launch date of March 2017," Mr Teo said.

"Freehold residential project in Singapore, Straits Mansions; and residential developments, The Hensley and Octavia, in Sydney, Australia, are also expected to contribute positively to the group's profits progressively from the fourth quarter 2017 and 2018, respectively."