



APAC REALTY ACQUIRES ADDITIONAL 22% STAKE IN ERA VIETNAM FOR S\$4.9 MILLION

- Further drive growth and success of ERA Vietnam and Eurocapital and allowing APAC Realty to consolidate both companies in its financial statements
- Following APAC Realty's initial investment in 2020, ERA Vietnam has experienced rapid growth to become a leading independent real estate brokerage with close to 3,900 salespersons as at 31 December 2022
- APAC Realty is well positioned to participate in the long-term growth of Vietnam's real estate brokerage market and the Vietnamese economy as a whole, given its rapidly developing economy and favourable demographics
- The acquisition strengthens the "ERA" brand regionally and promotes multi-country collaboration across the Group's business in the Southeast Asia

SINGAPORE, 9 January 2023 – **APAC Realty Limited** ("APAC Realty", the "Company" or together with its subsidiaries, the "Group"), a leading real estate services provider which operates a market-leading real estate brokerage in Singapore under the ERA brand, announced the acquisition of 984,697 shares in ERA Vietnam Real Estate Joint Stock Company ("ERA Vietnam") and 176,000 shares in Eurocapital Joint Stock Company ("Eurocapital"), representing 22% of the issued share capital of each company for S\$4.9 million with an earn-out incentive of up to S\$10.5 million¹.

As part of its regional expansion strategy, APAC Realty acquired an initial 38% stake in ERA Vietnam and Eurocapital in February 2020. Upon completion of the transaction, the Group will increase its shareholding in ERA Vietnam and Eurocapital to 60% each.

"The growth capital extended during our initial investment was the catalyst which sparked ERA Vietnam's tremendous growth over the past two years² both in terms of revenue and agent headcount. Over this period, the agency's dedicated and capable management team established the ERA Vietnam brand name in Vietnam's nascent and thriving real estate market, and more than doubled the salesperson headcount to close to 3,900 salespersons as at 31 December 2022. With these positive results, we are confident that our second investment will support ERA Vietnam's next phase of growth and allow us to realise greater value for APAC Realty shareholders over the long-term," said Mr Marcus Chu, Chief Executive Officer of APAC Realty.

"Working closely with ERA Vietnam's strong and committed management team, we will continue to play a vital role in meeting the needs of homeowners and property investors in Vietnam's attractive real estate market. Our ability to secure marketing agency appointments for new home launches by local and international developers in Vietnam presents the Group with a sustainable engine of growth in the country and across the region. We intend to increase the flow of well-located quality residential properties to Singapore and our other markets, providing real estate investors with an opportunity to tap into one of the fastest growing countries in Southeast Asia."

¹ Transaction aggregate consideration is up to S\$15.4 million. Earn-outs of up to S\$10.5 million were structured in order to incentivise the Sellers to achieve the performance targets set out in the SPAs and further the growth and success of ERA Vietnam and Eurocapital. Only S\$4.9 million is payable upfront

² Two-year period from 31 December 2020 to 31 December 2022



ERA Vietnam: A Top 10 Real Estate Agency in Vietnam

Founded in 2017, ERA Vietnam is based in Ho Chi Minh City. Under the leadership of Mr Pham Thanh Tuan, CEO, ERA Vietnam, the agency has grown its agent base tremendously from less than 100 salespersons at the time of its founding to close to 3,900 salespersons as at 31 December 2022.

"At ERA Vietnam, our salespersons embody the philosophy, values and ethics that have positioned ERA as the agency of choice around the world. With deep market knowledge and experience, we continue to provide bespoke quality advice and service excellence to homeowners and buyers, and elevate our reputation with local and international developers across the country. As a result of our efforts, ERA Vietnam is today ranked among the Top 10 real estate agencies in the country by the Vietnam Association of Realtors," said Mr Pham.

ERA Vietnam's revenue has increased from approximately VND74.3 billion (S\$4.4 million) for the year ended 31 December 2020 to approximately VND117.3 billion (S\$7.0 million) for the nine months ended 30 September 2022³. A primary contributor to the increase was ERA Vietnam's ability to secure marketing agency appointments for new home projects by local and international developers. The agency secured 34 new home projects in 2021, positioning ERA Vietnam among the Top 5 brokerage agencies in South Vietnam. The agency secured marketing appointments for 30 new home projects in 2022.

For its 2023 pipeline, ERA Vietnam has already secured marketing mandates for 23 new home projects with a total of 6,460 units. This includes: The 9 Stars by Sonkim Land, Zeit River Thu Thiem by GS E&C, Cadia by Phat Dat, iD Junction by Tay Ho, and Grand Marina Saigon by Masterise.

Vietnam to remain one of the fastest growing economies in the region

Vietnam is the 15th most populous country in the world⁴ with a relatively youthful⁵ population of 98.5 million⁶. The government seeks to transform the country into a developing nation with modern industry and upper-middle-income status by 2030, and elevate Vietnam to a developed, high-income socialist-oriented economy by 2045⁷. The country was the fastest growing economy in the region in 2022 with GDP growth of 8.0%, its fastest annual growth since 1997, driven by strong domestic retail sales and exports⁸.

The government's US\$15 billion worth of fiscal stimulus and central bank's monetary policy has boosted Vietnam's competitiveness and positioned the country as an attractive destination for foreign investment amid trade disruptions from China's lockdowns and the conflict in Eastern Europe⁹. In 9M 2022, Vietnam recorded realized foreign direct investment of US\$15.43 billion, an increase of 16.3% from 9M 2021. Over this period, Singapore was the top investor, contributing to US\$1.45 billion of newly licensed investment projects¹⁰.

³ Based on an exchange rate of S\$1.00: VND16,861, being the rate used in the SGX announcement

⁴ https://www.statista.com/topics/5991/demographics-in-vietnam/#topicHeader__wrapper

⁵ Median age of 32.5 years with less than 8% of total population above 65 years

⁶ <https://www.gso.gov.vn/en/data-and-statistics/2022/01/infographic-population-labour-and-employment-in-2021/>

⁷ "CO21016 | Vietnam's 13th CPV Congress: New Leaders, New Vision 2045?", S. Rajaratnam School of International Studies (RSIS), 29 January 2021

⁸ <https://www.reuters.com/markets/asia/vietnam-2022-gdp-growth-quickens-802-vs-258-expansion-2021-2022-12-29/>

⁹ "Vietnam sees 2022 growth beating goal as recovery powers on", Bloomberg LLP, 29 June 2022

¹⁰ <https://www.gso.gov.vn/en/data-and-statistics/2022/10/disbursement-of-public-investment-capital-foreign-direct-investment-expecting-the-last-months-of-2022/>

Favourable market conditions driving robust demand for quality real estate

The outlook for Vietnam's real estate market remains positive underpinned by continued urbanisation, stable economic environment, low unemployment levels, and a growing middle-class population which is expected to reach 75 million by 2030¹¹.

In its bid to become a developed country with high income by 2045, Vietnam is planning for at least 5,000km of expressways by 2030¹², a 1,545km cross-country high-speed railway by 2045¹³ and intra-city metro networks¹⁴ to enhance connectivity and the quality of its railway and road infrastructure. This is expected to drive real estate development and enhance the value and rental yields of properties in these markets.

A case in point is Ho Chi Minh City ("HCMC"), Vietnam's largest city with an estimated population of approximately 9 million residents¹⁵. The municipal government is planning to develop HCMC into a high-density city with financial, commercial, service, education and training, healthcare, cultural and research centers, catering to a population of approximately 14 million by 2040¹⁶.

"The outlook for real estate agencies remains bright. Whilst there is an abundant supply of unsold units in HCMC, demand for well-located quality new homes by reputable local and international developers continues to be strong with home buyers and investors. Absorption of new homes projects across the city remained healthy at 52% in 9M 2022¹⁷ and rental yields in popular areas such as Districts 1, 2, 7 and Binh Thanh ranged between 4.0% to 7.0% in 3Q 2022¹⁸," said Mr Pham.

Average pricing for new condominiums across the city increased 8.6% year-on-year to US\$2,455 per sqm in 1H 2022. Mid-end condominiums rose 7.0% year-on-year to US\$1,662 per sqm, whilst Ultra Luxury condominium transactions averaged US\$14,966 per sqm, an increase of 1.9% year-on-year¹⁹.

The municipal government continues to enhance connectivity across the city with plans for two new bridges to be built before 2030 to bring the total number of bridges in the city to four²⁰. This will complement the existing Thu Thiem Tunnel which connects the downtown area with Thu Thiem Peninsular, and the city's metro line 1 which is scheduled for completion in late 2023²¹.

To further enhance connectivity, the government is constructing Long Thanh International Airport, located approximately 40km from the city centre. Upon completion in 2025, the airport will be the largest in Vietnam and have the capacity to serve over 100 million passengers annually. ERA Vietnam expects the government's infrastructure developments to raise property values and rental rates for properties along the metro network and across the city.

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¹¹ "The new faces of the Vietnamese consumer", McKinsey & Company, 7 December 2021

¹² "Infrastructure: Vietnam PM Chairs Second Session to Accelerate Major Transport Projects", Vietnam News, 20 September 2022

¹³ <https://e.vnexpress.net/news/business/vietnam-considers-58-7-billion-high-speed-railway-4499603.html>

¹⁴ "Ho Chi Minh City Metro, Vietnam", Rail Technology, 29 March 2021

¹⁵ <https://www.macrotrends.net/cities/22458/ho-chi-minh-city/population>

¹⁶ <https://vietnamnet.vn/en/hcmcs-population-forecast-to-reach-13-14-million-by-2040-719545.html>

¹⁷ Vietnam Association of Realtors

¹⁸ ERA Vietnam estimates

¹⁹ CBRE Forum 2022

²⁰ <https://ampe.vnexpress.net/news/news/bridge-between-saigon-downtown-and-thu-thiem-opens-to-traffic-4457030.html>

²¹ "HCMC to develop 10 residential areas along first metro line", The Saigon Times, 8 September 2022



About APAC Realty Limited

APAC Realty is a leading real estate services provider, holding the exclusive ERA regional master franchise rights for 17 countries in Asia Pacific. Through its ERA franchisee network, the Group has one of the largest brand footprints in Asia with more than 20,600 trusted advisors across 654 offices, and is the largest ERA Member Broker globally by transaction value.

The Group has a market-leading position in the Singapore real estate brokerage business through its wholly-owned subsidiary ERA Realty Network Pte Ltd ("ERA Realty"). Established in 1982, ERA Realty is one of Singapore's largest real estate agencies with more than 8,300 trusted advisors as at 31 December 2022, providing property brokerage services for primary and secondary home sales, as well as rental of residential, commercial and industrial properties. Through its Capital Markets & Investment Sales business unit, the Group delivers corporate real estate services for sizeable assets to high-net-worth individuals, family offices, developers, institutional investors and real estate investment trusts.

As an industry pioneer, ERA Realty has constantly been at the forefront of technological innovations with an emphasis of enhancing agent productivity and service excellence for the past 40 years. The Group empowers its trusted advisors with the latest proptech, training, and proprietary super apps such as RealtyWatch, allowing each to extend best-in-class advice and service to customers.

APAC Realty's wholly-owned subsidiary Realty International Associates Pte Ltd ("RIA") operates training programmes and courses for real estate trusted advisors in preparation for professional certification exams and as part of continuing professional development regulations. RIA also undertakes valuation work on behalf of clients such as financial institutions, government agencies and property owners, and provides management services for real estate developments.

APAC Realty is listed on the Mainboard of the Singapore Exchange Limited since 2017. For more information, please visit www.apacrealty.com.sg.

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For analyst and media enquiries, please contact:

Clarence Fu

Eko Advisors

Mobile: 9781 0737

Email: cfu@ekoadvisors.com