



NEWS RELEASE

APAC REALTY CLOSES FY2019 WITH A STRONG FOURTH QUARTER 4QFY2019 REVENUE AND QUARTERLY NET PROFIT UP 32%

- Declares final dividend of 1.25 cents per share. Including the interim dividend of 0.75 cents per share, the aggregate dividend for FY2019 is 2.0 cents per share, representing a dividend payout ratio of 51.2% and a dividend yield of 4.2%¹;
- Well-positioned with a strong balance sheet and healthy cash balance of S\$32.0 million as at 31 December 2019;
- APAC Realty continues to have one of the strongest real estate networks with more than 17,300 salespersons in 651 offices across 10 countries.

Financial Highlights

| S\$'000 | 4Q FY2019 | 4Q FY2018 | Change (%) | FY2019 | FY2018 | Change (%) |
|--------------------------------------|------------------------|--------------|------------------------|---------|-------------------|---------------|
| Revenue | 107,846 | 81,863 | 31.7 | 369,524 | 423,963 | (12.8) |
| Profit before tax | 6,899 | 4,747 | 45.3 | 17,222 | 29,227 | (41.1) |
| Profit after tax | 5,419 | 4,092 | 32.4 | 13,877 | 24,245 | (42.8) |
| Earnings per share (cents)* | 1.54 | 1.15 | 33.9 | 3.94 | 6.83 | (42.3) |
| Net asset value per share (cents) | As at 31 Dec 19 | | As at 31 Dec 18 | | Change (%) | |
| | 41.0 | | 40.3 | | 1.7 | |

* Based on 355,197,700 weighted average number of shares as at 31 December 2019 and 31 December 2018.

SINGAPORE, 24 February 2020 – 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 a 31.7% or S\$25.9 million increase in revenue to S\$107.8 million for the three months ended 31 December 2019 (“4Q FY2019”), compared to S\$81.9 million in the previous corresponding period (“4Q FY2018”).

The increase in the Group’s 4Q FY2019 revenue was mainly due to higher brokerage income contribution from new home sales, and to a lesser extent, resale and rental of properties. Brokerage income from new home sales increased S\$18.6 million or 79.1% to S\$42.1 million in 4Q FY2019, while brokerage income from resale and rental of properties increased S\$6.7 million or 11.9% to S\$62.8 million during the same period. 4Q FY2019 profit after tax increased 32.4% or S\$1.3 million to S\$5.4 million, while earnings per share was 1.54 cents per share, up from 1.15 cents per share in 4Q FY2018.

With the Group’s positive 4Q FY2019 performance partially offsetting a soft 9M FY2019, APAC Realty closed FY2019 with a turnover of S\$369.5 million, reflecting a decline of S\$54.5 million or 12.8% from S\$424.0 million in FY2018. Brokerage income from resale and rental of properties declined S\$44.9 million or 15.7% from S\$286.5 million in FY2018 to S\$241.6 million in FY2019. Brokerage income from new home sales declined S\$10.4 million or 8.1% from S\$128.0 million in FY2018 to S\$117.6 million in FY2019.

¹ As at close of market on 21 February 2020, being the last full trading day preceding the date of this news release



Cost of services declined in tandem with revenue, decreasing S\$48.0 million or 12.9% from S\$371.2 million in FY2018 to S\$323.2 million in FY2019. The Group recorded gross profit of S\$46.4 million in FY2019, which was S\$6.4 million or 12.2% lower compared to S\$52.8 million in FY2018.

As a result, FY2019 net profit was S\$13.9 million, a decline of S\$10.3 million or 40.8% from S\$24.2 million in FY2018.

Total FY2019 dividend equates to a payout ratio of 51.2%

"The Board of Directors is pleased to declare a final dividend of 1.25 Singapore cents per share. Including the interim dividend of 0.75 cents paid in FY2019, the aggregate dividend of 2.0 cents represents a dividend yield of 4.2% based on the closing price of S\$0.48 per share on 21 February 2020.² Total FY2019 dividend of 2.0 cents per share represents a payout of S\$7.1 million and a payout ratio of 51.2%.

APAC Realty's unique business model allows us to generate relatively strong cash flows through market cycles. Together with a strong balance sheet, we have the ability to deliver an annual dividend payout ratio of at least 50% to reward shareholders for their trust and continued support," said Mr. Jack Chua, Executive Chairman and Chief Executive Officer of APAC Realty Limited.

Leadership in Singapore: Enabling our agents to stay on top of productivity and performance

"Although the property cooling measures implemented in July 2018 continued to depress sentiment and weaken home buyer interest, the market showed signs of improvements in FY2019, in particular the primary market and HDB resale market," said Mr. Chua.

"Over the last weekend, Wing Tai Asia sold approximately 70% or over 360 units of its latest condominium project - The M, a 522-unit development located along Middle Road in the core central region," added Mr. Chua.

Recognised as a preferred marketing agent for new launches amongst leading developers, ERA was appointed marketing agent to 43 projects with more than 15,300 new home units launched in 2019. The Group has also secured marketing agent mandates for 25 quality residential projects with approximately 7,500 new home units to be launched in FY2020.³

The Group made a strong start to the year at the launch of Parc Canberra on 15 February. The 496-unit executive condominium project by Hoi Hup Sunway Canberra sold 64% or 316 units during the launch. ERA was the joint marketing property agency during the launch, marketing and closing transactions for 43% of the units sold – the highest amongst all joint property agencies.

The HDB market remained healthy with 23,714 transactions completed in FY2019, a marginal 2.7% increase compared with 23,099 transactions completed in FY2018. In contrast, Singapore's private residential resale market recorded sales of 9,238 units in FY2019, representing a decline of 30.4% from 13,344 units in FY2018. ERA ended the year with a leading 40.4% share⁴ of the HDB and the private residential resale market.

ERA's property auction team grew its business by almost 80% from the year ago period. The team advised, auctioned and closed 40 residential and commercial property transactions in FY2019, compared to 22 property transactions in FY2018.

² The last full trading day preceding the date of this news release

³ As of 24 February 2020

⁴ By transaction volume



Commenting on the Group's overall performance in Singapore, Mr. Chua said, "During the year, we maintained a healthy 38% share⁵ of the residential property market despite the cooling measures. This achievement was made possible through the commitment and dedication of our salespeople. The team has established a strong reputation for integrity and excellence, tenets which we inculcate into every ERA salesperson from the onset of their training."

In early FY2019, ERA redesigned its Ultimate Agent Training programme to impart vital knowledge and skills under the "7 Keys of Becoming Successful Realtorpreneur" to ERA salespersons. The robust training programme reinforces ERA's commitment to being first in service, first in results and first in customer satisfaction. The training provides each salesperson with a strong foundation to build multiple streams of income and the skillsets to grow into a full fledged real estate entrepreneur.

The Group also established the Digital Lab initiative, an investment programme designed to make ERA the leading digital real estate agency in Asia. Under this initiative, APAC Realty invested S\$1 million in UrbanZoom, a platform designed by a team of data scientists and real estate professionals. The investment is expected to empower ERA salespersons to drive productivity, raise professionalism and build stronger client relationships.

Delivering our Asia-Pacific strategy: Setting the course for growth and sustainability

APAC Realty made significant progress with its regional expansion plans through several well-timed acquisitions and investments in FY2019. In February 2019, the Group entered into a loan agreement with a call option to acquire ERA Indonesia, and a cooperation agreement to take direct ownership in ERA Thailand. In late December 2019, the Group announced the acquisition of a 49% interest in ERA Malaysia.

"We will continue to focus on our Asia-Pacific expansion strategy to build a business with sustainable income growth and resilience through market cycles. Our ventures into Indonesia, Thailand and Malaysia will over time allow us to realise synergies and grow their contribution to the Group," said Mr. Chua.

Covid-19 outbreak has added a level of uncertainty

Commenting on the outlook, Mr. Chua said, "The outbreak of the novel coronavirus (Covid-19) is still evolving. The Group is monitoring the situation closely and will assess the impact, if any, on the Group's performance."

Testament to the Group's focus on health and safety of its customers, ERA became the first and only real estate agency in Singapore to digitize its Covid-19 health declaration process through its proprietary iERA app. Launched on 13 February 2020, the iERA app allows for real time data collection and efficient tracking of client viewing records for contact tracing purposes.

APAC Realty remains well positioned with a strong balance sheet and healthy cash balance of S\$32.0 million as at 31 December 2019. The Group has one of the largest brand footprints in Asia with more than 17,300 salespersons in 651 offices across 10 countries through its ERA franchisees.

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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 17,300 salespersons across 651 offices, and is one of the largest ERA Member Brokers globally by transaction value.

⁵ By transaction volume and excluding rental transactions



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 7,000 salespersons, providing property brokerage services for primary and secondary home sales, as well as rental of residential, commercial and industrial properties. 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 38 years.

The Group also holds the master franchise rights for Coldwell Banker in Singapore. Coldwell Banker is one of the oldest and most established real estate office and franchising companies in the United States. As at 31 December 2019, there are 20 Coldwell Banker Member Brokers in Singapore.

APAC Realty's wholly-owned subsidiary Realty International Associates Pte Ltd ("RIA") operates training programmes and courses for real estate salespersons 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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