



APAC REALTY REPORTS S\$163.1 MILLION IN REVENUE FOR 1H FY2019

- Declares interim dividend of 0.75 Singapore cents, representing 53% of 1H FY2019 profit
- Revenue declined 28.2% as a result of subdued buyer demand for residential properties in Singapore following the implementation of the property cooling measures in July 2018
- Secured marketing agent roles for 26 upcoming residential projects with approximately 10,520 marketable new home units in Singapore in second half of FY2019
- The Group's communicated regional expansion strategy remains on track
- Healthy balance sheet as at 30 June 2019

"The Singapore property market regulatory overhang and muted economic outlook had further weighed on buyer demand for residential properties in Singapore in 1H FY2019. Private resale residential transactions declined by almost half from 8,567 units sold in 1H FY2018 to 4,321 units sold in 1H FY2019, reflecting the effect of the property cooling measures implemented by the government in June 2018. While this has resulted in a challenging first half for real estate brokerage businesses in Singapore, we maintain our long-term positive view on the Singapore residential market and will continue to keep our focus on executing our regional growth strategy well and maintaining our industry market leadership," said Mr. Jack Chua, Executive Chairman and Chief Executive Officer of APAC Realty.

Financial Highlights

S\$'000	1H FY2019	1H FY2018	Change (%)
Revenue	163,061	227,261	(28.2)
Profit before tax	6,252	16,382	(61.8)
Profit after tax	5,039	13,610	(63.0)
Earnings per share (cents)	1.44	3.83	(62.4)
	As at 30 Jun 19	As at 31 Dec 18	Change (%)
Net asset value per share (cents)*	39.2	40.3	(2.7)

* Based on 355,197,700 shares as at 30 June 2019 and 31 December 2018

SINGAPORE, 5 August 2019 – 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 total revenue of S\$163.1 million for the six months ended 30 June 2019 ("1H FY2019"), compared to S\$227.3 million in the previous corresponding period ("1H FY2018").



The decline in the Group's revenue was primarily due to a decrease of S\$42.4 million or 27.6% in brokerage income from resale and rental of properties to S\$111.5 million in 1H FY2019, and a decrease of S\$21.5 million or 31.4% in brokerage income from new home sales to S\$47.0 million in 1H FY2019.

In line with the decline in revenue, cost of services decreased S\$57.3 million or 28.6% to S\$143.1 million in 1H FY2019. As a result, the Group recorded gross profit of S\$20.0 million in 1H FY2019, approximately S\$6.8 million or 25.6% lower compared to S\$26.8 million in 1H FY2018.

1H FY2019 net profit was S\$5.0 million, compared to S\$13.6 million in 1H FY2018. The decline in net profit of S\$8.6 million was largely due to lower brokerage income, and to a lesser extent, higher operating expenses of S\$3.3 million in 1H FY2019. At the close of the period, the Group remained well positioned with a healthy cash balance of S\$24.8 million.

"In the light of APAC Realty's ability to maintain positive operating cash flows and a strong balance sheet, the Board is recommending an interim dividend per share of 0.75 Singapore cents to reward long-term shareholders for their trust and continued support. This represents 53% of 1H FY2019 net profit, and represents an annualized yield of 2.7%¹," said Mr. Chua.

Maintaining market leadership in Singapore's new home sales and resale markets

Incepted in 1982, APAC Realty's wholly-owned subsidiary, ERA Realty, is one of pioneering real estate brokerages in Singapore. Today, it has grown to become one of the largest with a network of over 6,800 salespersons, and has continued to demonstrate its leadership in project marketing and resale transactions.

With its proven track record in marketing and closing transactions across market cycles, ERA is the preferred marketing agent for new home launches amongst leading developers in Singapore and the region. As of 13 May 2019, the agency has secured marketing agent appointments for 42 quality projects with approximately 16,500 new home units scheduled for sale in FY2019. Of which, 26 projects, accounting for approximately 10,520 units, are expected to launch in the second half of 2019.

Embracing digital innovation

Over the years, APAC Realty has continuously invested in innovative digital technologies to stay at the forefront of the real estate industry. In June 2019, the Group launched its Digital Lab initiative to explore

¹ Based on the closing share price of S\$0.55 on 2 August 2019



partnerships and investment in innovative start-ups to develop complementary and sustainable technologies for the real estate industry.

As part of this initiative, the Group announced a strategic collaboration with UrbanZoom, a Singapore-based start-up that applies big data and artificial intelligence (“AI”) to the real estate sector, on 10 June 2019. The collaboration will allow ERA’s agents and customers to benefit from UrbanZoom’s proprietary AI technology that is able to yield highly accurate residential price predictions with an overall median error of less than 3%. Additionally, ERA will also enter into a partnership UrbanZoom’s premier agent referral service, UrbanAgents, to provide quality business leads to its agents while developing agents-facing productivity tools with UrbanZoom.

Regional expansion

ERA Thailand is the largest home selling network in Thailand with a sales force of more than 400 real estate agents. Backed by a strong reputation and track record with leading developers, ERA Thailand has secured marketing rights for 18 projects with 10,697 residential units in total. Located across the country, these projects include The Line Wongsawang, Artisan Ratchada, The Regent Orchid Talad Plu, Wyndham Garden Irin, and Chamonix.

ERA Indonesia is a property brokerage pioneer in Indonesia with a network of more than 6,500 agents across its 109 offices, and has an estimated market share of around 10% of the secondary property market in Indonesia. The brokerage added 17 member brokers in the year-to-date, and has been appointed as coordinator for 6 residential projects, namely, South Quarter, Branz @ Mega Kuningan, 57 Promenade, 1 Park Homes, 1 Park Hamilton and Vasanta Innopark.

Following the conclusion of Indonesia’s presidential elections, the government implemented measures to stimulate the property sector and its multiplier effect on related sectors such as cement, electronics and furniture which will contribute to the country’s overall economic growth.² A series of tax incentives for luxury properties, premium condominiums, and mass market housing have been announced, complementing steps taken by Indonesia’s central bank to relax the loan-to-value (“LTV”) and financing-to-value (“FTV”) ratios for mortgage transactions effective August 2018. Furthermore, Indonesia’s government has earmarked US\$412 billion to rebuild the country over the next five years, from 2020 to 2024.³ With 60% of this spend allocated to transportation infrastructure, industry watchers expect the country to benefit from enhanced connectivity and higher economic growth.

² “Indonesia Showers Property Buyers With Waivers to Spur Economy”, Bloomberg LLP, 25 June 2019

³ “Indonesia Has a Grand \$412 Billion Plan to Rebuild the Country”, Bloomberg LLP, 16 May 2019



New Board appointments

On 15 July 2019, APAC Realty announced several changes to the composition of its Board. These changes entailed the elevation of Mr. Jack Chua, Executive Director and CEO of APAC Realty as Executive Chairman of the Board as well as the appointment of two new independent directors – Mr. Wong Hin Sun Eugene, Founder and Managing Director of Sirius Venture Capital Pte Ltd., and Mr. Tan Kok Ming Desmond, Chief Executive Director of the People’s Association. Following the appointments, a majority of APAC Realty’s board now comprises independent directors.

Outlook

On the supply front, the total number of unsold private residential units (including executive condominiums) increased 31.8% on a year-on-year basis to 35,538 units⁴ as at 30 June 2019 from 26,961 units a year ago. Additionally, the URA expects a potential supply of 7,100 units (including executive condominiums) from Government Land Sales sites and awarded enbloc sales sites which have yet to secure planning approvals. The vacancy rate of completed private residential units as at 30 June 2019 stands at 6.4%. ERA Realty estimates that the private residential price index will end the year 1.5% to 2.5% higher than the previous year, led by prices of private non-landed new launches.

APAC Realty has one of the largest brand footprints in Asia with more than 18,200 salespersons in 641 offices across 10 countries through its ERA franchisees. The Group will continue its regional expansion in the Asia Pacific.

DBS Bank Ltd. is the sole issue manager of the initial public offering (“IPO”) and listing of APAC Realty Limited. DBS Bank Ltd. assumes no responsibility for the contents of this press release.

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⁴ “Release of 2nd Quarter 2019 real estate statistics”, URA, 26 July 2019



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 18,200 salespersons across 641 offices, and is one of the largest ERA Member Brokers 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 6,800 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 37 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 30 June 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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