



APAC REALTY MAKES HEADWAY WITH REGIONAL EXPANSION PLANS IN INDONESIA AND THAILAND

- Deepens presence in Southeast Asia with strategic moves in Indonesia and Thailand
- Enhanced partnerships with experienced local ERA management teams with strong track records in their respective home markets
- Latest developments follow moves into China, Cambodia and Vietnam markets since mid-2017 and showcases strength of ERA global franchise network
- APAC Realty is the largest ERA network globally with more than 17,800 agents across Asia

SINGAPORE, 11 February 2019 – APAC Realty Limited (“APAC Realty”, the “Company” or together with its subsidiaries, the “Group”) announced that its regional expansion plans have continued to make headway in Southeast Asia.

For Indonesia, the Company has partnered with current ERA Indonesia CEO, Mr. Darmadi Darmawangsa, and the management team to fund the purchase of the Indonesia country master franchise operations from its current shareholders. Further, the Company seeks to deepen its presence in Thailand by entering into a strategic cooperation agreement with Mr. Voradet Sivatachanon, the current CEO and Managing Director of Thailand’s master franchise operations, to collaborate on the growth and development of the real estate brokerage and franchise in Thailand.

Mr. Jack Chua, Chief Executive Officer of APAC Realty said: “Established over 25 years ago, ERA Indonesia and ERA Thailand are two of our longest running franchises in Asia. These franchises are leaders in their home markets and enjoy strong brand recognition for quality service and trusted advice. In particular, the Indonesian property market offers long term opportunities underpinned by a fast-growing economy and a population of over 265 million.

“The latest developments in Indonesia and Thailand are a continuation of steady inroads that APAC Realty has made in deepening our regional business presence. These demonstrate the effectiveness of our strategic expansion plan that is built on the strength of the ERA global franchise network and the flexibility of the master franchise model, which enables us to grow our regional network and presence in a capital-efficient manner.”

These partnership efforts represent the first time that the Company has explored initiatives to take on a more active role in Southeast Asia by working with existing country management teams to operate the



respective ERA country franchises. This allows APAC Realty to better leverage its deep experience and learnings from running ERA Singapore's brokerage business into areas such as recruitment, training and customer service for agents in each country. Furthermore, by partnering with the existing management teams, the Company is able to count on seasoned ERA and local industry veterans who know the ERA brand well and are now enabled to drive future growth in tandem with ERA Singapore.

ERA Indonesia

APAC Realty has entered into various transactions through its wholly-owned subsidiary APAC Investment 2 Pte. Ltd. ("APAC Investment 2") whereby APAC Investment 2 will lend up to S\$13.85 million ("Aggregate Consideration") to PT Realti Jaya Abadi for the acquisition of PT ERA Graharealty ("ERA Indonesia"), the ERA master franchisor for Indonesia.

The Aggregate Consideration comprises a convertible loan of S\$4.42 million and a conditional shares sales and purchase agreement loan of S\$9.43 million ("CSPA Consideration"). The CSPA Consideration was arrived at on a willing-buyer and willing-seller basis, and includes a 4,664 sq ft office space in Tanah Abang, a popular subdistrict of Central Jakarta ("Tanah Abang Property").

"We see significant near to mid-term upside for ERA Indonesia as we create new revenue streams such as implementing ERA Singapore's proven project sales business model in the country. This will generate stronger margins and provide a healthy uplift to ERA Indonesia's reported net profit of IDR 4.6 billion (S\$0.44 million) in FY2017," said Mr Chua.

Established in 1992, ERA Indonesia is a property brokerage pioneer in Indonesia with a network of more than 6,900 agents across its 103 offices¹. In 2017, ERA Indonesia achieved approximately IDR 10 trillion in transaction value. It has an estimated market share of around 10% of the secondary property market in Indonesia.

Testament to the agency's strong track record of success and wide network of relationships with leading developers in the domestic market, ERA Indonesia was appointed as a lead marketing agent for the first phase of 57 Promenade, an integrated mixed-use and high-rise development project in Jakarta's central business district. 57 Promenade is a joint venture between GIC Private Limited, Singapore's sovereign wealth fund and PT Intiland Development Tbk ("Intiland"). ERA Indonesia outperformed all competitors by selling over 30% of all sold units. Carrying this strategic relationship forward, ERA Indonesia has been appointed by Intiland as one of its lead agencies for its future projects.

¹ As at 31 December 2018



“ERA Indonesia CEO Darmadi has been instrumental in growing ERA Indonesia from a handful of offices to a network of 103 offices during his two decades with the agency. His wealth of experience includes two terms as the President of the Association of Real Estate Brokerages Indonesia (“AREBI”). Today, ERA Indonesia forms a sizeable part of the ERA network in Asia and will continue to be a key part of APAC Realty’s business. Teaming up with ERA Indonesia will help pave the way for APAC Realty to directly access the Indonesian residential real estate market, which is set to recover and pick up pace in the next two years,” continued Mr. Chua.

Indonesia’s central bank relaxed the loan-to-value (“LTV”) and financing-to-value (“FTV”) ratios for mortgage transactions effective August 2018, to further encourage buying and support the country’s economic growth. According to Cushman & Wakefield, the implementation of this new regulation is expected to boost overall credit growth, and the recovery in Indonesia’s residential market will likely be seen after mid-2019 following Indonesia’s presidential elections². Indonesia continues to enjoy strong foreign direct investments in its property sector; in particular, the residential, industrial and commercial sectors which recorded US\$3.5 billion of investments for the first three quarters of 2018³.

ERA Thailand

In addition to ERA Indonesia, APAC Realty also separately entered into a cooperation agreement (the “Cooperation Agreement”) with existing CEO and Managing Director of the ERA master franchisor in Thailand, Mr. Voradet Sivatachanon, to expand its real estate brokerage and franchise operations in the country.

Under this agreement, the two parties incorporated two new companies, APAC Holding (Thailand) Co., Ltd and ERA Holding (Thailand) Co., Ltd (collectively, “ERA Thailand”), to hold the ERA master franchise rights for Thailand. The direct ownership of the Thailand franchise will enable APAC Realty to be more strategically involved in developing ERA’s business in Thailand. Additionally, APAC Realty’s subsidiary ERA Singapore and ERA Thailand can also tap into cross-selling benefits, as the operational structure will allow their sales agents to work together to market and sell overseas properties to their respective customers. ERA Singapore will also further build on its strengths in project marketing to explore more of such opportunities in the Thailand market.

The real estate markets in Thailand have maintained a healthy momentum in recent years. In particular, the downtown Bangkok condominium market has experienced robust demand, especially for projects located in areas around Sukhumvit and Ratchadapisek and in the Central Business District. With more than 4,300 new prime-segment condominium units across 22 projects scheduled for completion in 2019

² Cushman & Wakefield, September 2018, “Market Beats”

³ www.bkpm.go.id



enjoying an overall pre-sales rate of 87.5%, demand in the central business area in Thailand is strong and expected to remain healthy⁴.

New condominium project launches, especially those situated along the country's mass transit line extensions, have sold at above-average prices for their locations in recent months⁵. This comes on the back of a recovering economy, rising middle class, and strong buying interest from mainland China and Hong Kong. In January 2018, Thailand properties saw a 91% increase in inquiries from Chinese buyers from a year earlier while this figure has increased by more than 300% when compared with the same period in 2016⁶.

"APAC Realty Limited and ERA Franchise (Thailand) Co., Ltd currently have a franchisor-franchisee relationship. We believe that APAC Realty's portfolio will be further augmented with direct ownership of the franchise in Thailand and position us well as the leading real estate services provider in the Southeast Asia region," Mr. Chua added.

ERA Thailand has been in operations since June 1993. Boasting a pool of close to 400 real estate agents, ERA Thailand is the largest home selling network in Thailand focused on key markets such as Bangkok and its suburban areas, the Eastern Economic Corridor, and Southern cities like Had-Yai, Surath-Thani and Krabi. On average, ERA Thailand records approximately 1,000 transactions per year.

Deepening APAC Realty's presence across Asia

These latest developments are part of APAC Realty's expansion plans to deepen its business presence in the Southeast Asian real estate market, which have recently seen an uptick in buyer interest from overseas investors. In mid-2017, APAC Realty established a new franchise in Vietnam and followed by Cambodia in February 2018. ERA Vietnam, in particular, has grown rapidly since inception with over 1,300 sales agents today.

Outside of Southeast Asia, China has also been a key market for APAC Realty's growth plans. In August 2018, APAC Realty entered into a joint-venture agreement with two Chinese companies – Zhong Zhi Sheng He Real Estate Investment Consulting Co. and Bei Guo Tou (Shanghai) Equity Investment and Fund Management Co. to tap into the robust property market of Hainan province.

⁴ <http://www.ap.jll.com/asia-pacific/en-gb/Research/asia-pacific-property-digest-3q-2018.pdf?f1ceb220-c66d-4a47-932a-b374664e5634>

⁵ Thailand Property Research Report 3Q2018, Colliers Research

⁶ Asia Times, June 2018, Southeast Asian Real Estate Continues To Lure Chinese Buyers -

http://www.atimes.com/article/chinese-buyers-attracted-to-southeast-asian-real-estate/?mod=article_inline



Following the grand opening of the new office in Hainan on 11 January 2019, ERA Realty organised a cross-country forum in Hainan, focusing on the ensuing opportunities and challenges brought on by China's announced plans for Hainan's free-trade zone. The forum was attended by the Vice-Mayor, officials from the city of Sanya, and more than 200 division directors and associates from Singapore and Hainan.

An array of reforms is set to transform Hainan into the country's largest free-trade zone. These reforms are widely expected to open up enormous opportunities, especially in areas such as tourism as well as convention and exhibition resources, construction and foreign investments, which will provide good long-term prospects to the region's economy that is now tipped to grow at a faster rate than the rest of the country.

"Despite the strict real estate regulations on foreign ownership, the demand for property in Hainan is still very high. With our international presence, track record of training and equipping real estate agents with the right skills, we will lend our expertise to this overseas arm to build the agency's stronghold in the region," said Mr Chua.

In Singapore, ERA Realty deepened its presence in the luxury residential property market with the launch of a new service offering, Plush by ERA, on 4 January 2019. The aim of this programme is to double ERA Realty's share of high-quantum properties, which now accounts for about 10% of its business. Under Plush by ERA, ERA agents, who are fully certified as a Plush realtor, are trained to provide professional advice on asset planning, management and enhancement of high-end properties, as well as creating trusts, making wills, as well as estate and succession planning.

In spite of the challenging economic climate in 2018, ERA Realty has managed to sell a total of 3,249 private residential units for the year, making it the leading real estate agency in Singapore. This equates to about 33% of the overall market transactions. In addition, ERA also managed to sell out a total of 22 new home projects in 2018.

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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 17,800 salespersons across 637 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 6,600 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 36 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 2018, there are 19 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 agents 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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