



APAC REALTY REPORTS 1Q FY2019 RESULTS

- Revenue declined 26.4% as a result of a tepid Singapore real estate market following the implementation of the property cooling measures in July 2018
- Market leadership position with a 35.6% share of Singapore's new home market and a 45.5% share of the resale and sub-sale market over the past three years
- Robust pipeline of 42 residential projects with approximately 16,500 marketable new home units in Singapore for sale in FY2019
- Well-positioned with a healthy balance sheet and cash balance of S\$34.9 million as at 31 March 2019

Financial Highlights

S\$'000	1Q FY2019	1Q FY2018	Change (%)
Revenue	77,405	105,227	(26.4)
Profit before tax	2,219	7,129	(68.9)
Profit after tax	1,742	5,917	(70.6)
Earnings per share (cents)	0.49	1.67	(70.7)
	As at 31 Mar 19	As at 31 Dec 18	Change (%)
Net asset value per share (cents)*	40.8	40.3	1.2

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

SINGAPORE, 13 May 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\$77.4 million for the three months ended 31 March 2019 ("1Q FY2019"), compared to S\$105.2 million in the previous corresponding period ("1Q FY2018").

Market data released by Urban Redevelopment Authority ("URA"), the national urban planning authority of Singapore, confirmed weakness in the housing market as a result of the cooling measures implemented in 3Q FY2018. During the period, private residential transactions declined 29.7% from 5,328 units in 1Q FY2018 to 3,743 units in 1Q FY2019.¹

¹ "Release of 1st Quarter 2019 real estate statistics", Annex D, 26 April 2019. Source: URA



The decline in the Group's revenue was primarily due to a decrease of S\$17.4 million or 25.4% in brokerage income from resale and rental of properties to S\$51.0 million in 1Q FY2019, and a decrease of S\$10.2 million or 29.9% in brokerage income from new home sales to S\$23.9 million in 1Q FY2019.

With the decline in revenue, cost of services decreased S\$24.4 million or 26.4% to S\$67.9 million in 1Q FY2019. As a result, the Group recorded gross profit of S\$9.5 million in 1Q FY2019, approximately S\$3.4 million or 26.5% lower compared to S\$12.9 million in 1Q FY2018.

1Q FY2019 net profit was S\$1.7 million, compared to S\$5.9 million in 1Q FY2018. The S\$4.2 million decline in net profit was primarily due to a S\$3.4 million drop in brokerage income contribution as a result of lower transaction volume following the implementation of the cooling measures, and to a lesser extent, higher expenses of S\$0.8 million, which includes among others, an increase of S\$0.6 million in marketing activities and incentives and S\$0.2 million in operating expenses of a new subsidiary, APAC Investment Pte. Ltd.

The preferred marketing agent for new home launches

ERA pioneered the industry model for marketing agencies to collaborate with developers to market and sell new home project launches with the launch of The Mayfair twenty years ago. Since then, the Group has continued to build on its project marketing expertise and has established itself the preferred marketing agent for new homes in Singapore.

Over the past three years, from FY2016 to FY2018, ERA sold 12,982 new home units, giving the Group a commendable 35.6% share of 36,479 new home units² sold during the period. The Group's ability to successfully market and close transactions through various market cycles has established ERA as the preferred marketing agent for new home launches with leading developers in Singapore and the region. Testament to this, as of 13 May 2019, ERA has secured marketing agent appointments for 42 quality projects with approximately 16,500 new home units scheduled for sale in FY2019. This compares with 36 project launches with a total of approximately 14,700 residential units in FY2018.

A leader in the resale market

Underpinned by an established brand which is synonymous with quality service, excellence and integrity, ERA has continued to lead the resale and rental market in Singapore and the region. In the three years

² Including executive condominiums



from FY2016 to FY2018, ERA held a commanding 45.5% share of the resale and sub-sale market, delivering 46,488 units of the 102,183 units sold in the market during the period.

Committed to the growth and success of ERA real estate professionals

“At ERA, we recognise that the individual success of our real estate professionals will ultimately drive the Group’s ability to create value for our shareholders. To this end, we continue to focus on supporting our salespeople with innovative tools and training, ensuring that our salesforce remains committed and able to deliver on our promise of being 1st in service, 1st in results and 1st in customer satisfaction,” said Mr. Jack Chua, Executive Director and Chief Executive Officer of APAC Realty.

During the first quarter of the year, the company also launched a series of recruitment initiatives, such as the S\$1,000,000 New RES Start-Up Grant for aspiring new real estate salespersons during its ERA Open House in March; extending its Recruit 135 incentive scheme to 31 May 2019, and launched the Race to Fukuoka, Japan, Recruitment Challenge to reward agents for their recruitment efforts.

All these, complemented by its successful retention programme – dubbed the Loyalty Growth Dividends scheme that was launched in 2017 to reward its leaders growth and loyalty, and was paid out in April 2019 to the tune of S\$1,000,000 – allowed the company to consolidate its strength and become one of the fastest growing agency networks in Singapore.

Gearing up ERA salespersons to become successful Realtorpreneurs

One of the key success factors of ERA is in its history of enhancing and delivering proficiency training and warrior camps. Beginning this year, its iconic Ultimate Agent Training (“UAT”) was given a fresh training roadmap, identifying the “7 Keys” to becoming a successful Realtorpreneur. The redesigned UAT will deliver vital knowledge and skills to ERA real estate salespersons, providing each with a strong foundation to build multiple streams of income and grow into a full fledge real estate entrepreneur.

The 7 key pillars for success under the UAT roadmap includes:

- 1) Ultimate Start-Up – training courses to help new real estate salespersons jumpstart their real estate careers
- 2) Ultimate Self Development – training courses to help agents break strongholds and achieve personal breakthroughs
- 3) Ultimate Team Expansion – training courses to groom agents into team leaders



- 4) Ultimate Market Intelligence – training courses to equip agents with relevant market intelligence
- 5) Ultimate Sales Presentation – training courses to equip agents with best-in-class presentation skills and financial knowledge and calculation techniques
- 6) Ultimate Segment Specialisation – training courses developed and taught by segment experts to equip agents to become segment specialists
- 7) Ultimate Smart Marketing – training courses developed and taught by market experts to equip agents with the latest lead-generation marketing skills

The Group's robust support framework, training and agent incentive programmes have attracted new talent, increasing ERA's agent network in Singapore to 6,682 agents as at 31 March 2019, up 9.8% from 6,085 agents as at 31 March 2018.

Outlook

Commenting on the outlook for the Singapore market, Mr Chua said, "Looking at URA's quarterly industry statistics, we believe that the property cooling measures implemented by the government in July 2018 have proven to be effective. With the ABSD and LTV restrictions in place, demand for Singapore residential properties will continue to remain weak and we expect the operating environment to remain challenging over the next few quarters."

On the supply front, the total number of unsold private residential units (including executive condominiums) increased 8.6% to 38,710 units as at 31 March 2019 from 35,649 units as at 31 December 2018, and the URA expects a potential supply of 5,200 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 has declined from a high of 8.9% as at 30 June 2016 to 6.3% as at 31 March 2019.

"In our endeavor to build a business with sustainable income growth and resilience through market cycles, we looked beyond the shores of Singapore and expanded in Indonesia and Thailand in February 2019. Whilst these businesses are stable and operate in markets of fast-growing economies, rising standards of living, and have an aggregate population of over 335 million, it will take time for us to realise synergies and grow their contribution to the Group," said Mr. Chua.

APAC Realty has one of the largest brand footprints in Asia with more than 17,700 salespersons in 633 offices across 10 countries through its ERA franchisees. The Group remains well-positioned with a healthy balance sheet and cash balance of S\$34.9 million as at 31 March 2019.

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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 17,700 salespersons across 633 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 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 31 March 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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