



APAC REALTY REPORTS 9M FY2019 REVENUE OF S\$261.7 MILLION

- Revenue declined 23.5% as the property cooling measures implemented in July 2018 continued to weigh on market sentiment and buyer demand
- Secured marketing agent roles for 59 residential projects in FY2019 and 1H FY2020:
 - 44 projects in FY2019 with 15,492 new home units
 - 15 projects in 1H FY2020 with 5,181 new home units
- Maintained strong 40% market share of the private resale and HDB resale market in 9M FY2019
- Focus on regional expansion to grow the Group's business across South-east Asia, especially in Indonesia and Thailand
- Strong presence in Asia with over 17,300 salespersons across 10 countries through ERA franchisees
- Well positioned with a cash balance of S\$27.0 million as at 30 September 2019

"The Singapore property market bore the brunt of the July 2018 property cooling measures in 2H FY2018. Although the market started to show signs of improvements over the first nine months of FY2019, the pace of recovery has been relatively slow and confined to specific sectors of the market. The primary market and HDB resale market have seen increased activity, however, the private residential resale market continues to remain soft given the prevailing cooling measures. We will seek to improve our competitive edge in the Singapore market and mitigate individual country volatility and enhance brokerage income stability by focusing on our regional expansion plans and growing our Asia Pacific business, especially in markets such as Indonesia and Thailand," said Mr. Jack Chua, Executive Chairman and Chief Executive Officer of APAC Realty.

Financial Highlights

S\$'000	3Q FY2019	3Q FY2018	Change (%)	9M FY2019	9M FY2018	Change (%)
Revenue	98,617	114,839	(14.1)	261,678	342,100	(23.5)
Profit before tax	4,071	8,098	(49.7)	10,323	24,480	(57.8)
Profit after tax	3,419	6,543	(47.7)	8,458	20,153	(58.0)
Earnings per share (cents)*	0.96	1.84	(47.8)	2.38	5.67	(58.0)
Net asset value per share (cents)	As at 30 Sep 19		As at 31 Dec 18		Change (%)	
	39.4		40.3		(2.2)	

* Based on 355,197,700 weighted average number of shares as at 30 September 2019 and 31 December 2018.

SINGAPORE, 13 November 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\$261.7 million for



the nine months ended 30 September 2019 ("9M FY2019"), compared to S\$342.1 million in the previous corresponding period ("9M FY2018").

The decline in the Group's 9M FY2019 revenue is largely attributed to the impact of the July 2018 Singapore property cooling measures and volatile global economic landscape which have weakened market sentiment and buyer interest. Brokerage income from resale and rental of properties was lower by S\$51.6 million or 22.4% to S\$178.8 million in 9M FY2019 from S\$230.4 million in 9M FY2018. Brokerage income from new home sales declined S\$28.9 million or 27.7% to S\$75.6 million in 9M FY2019 from S\$104.5 million in 9M FY2018.

With the decline in revenue, cost of services declined S\$70.0 million or 23.3% to S\$230.5 million in 9M FY2019 from S\$300.5 million in 9M FY2018. As a result, APAC Realty recorded gross profit of S\$31.2 million in 9M FY2019, compared to S\$41.6 million in 9M FY2018. The Group's gross profit margins remained healthy at 11.9% in 9M FY2019 compared with 12.2% in 9M FY2018.

Net profit in 9M FY2019 was S\$8.5 million, compared to S\$20.2 million in 9M FY2018. The decline in net profit of S\$11.7 million or 58.0% was largely due to a decline of 24.1% in brokerage income, and an increase of S\$3.8 million or 21.9% in operating expenses over the period.

ERA continues to maintain a leadership position in Singapore

Supported by a network of over 7,000 salespersons, APAC Realty's wholly-owned subsidiary, ERA Realty, maintained a leadership position in project marketing over the past nine months. As the preferred marketing agent for new home launches amongst leading developers in Singapore, ERA was involved in 35 new project launches in 9M FY2019 compared to 22 new project launches in 9M FY2018.

"At ERA, we recognize that our salespersons are the face of the company. We believe that the conduct and performance of our real estate professionals reflects on the Group's brand and values. Through our training programmes, we have inculcated ethical values in our sales teams, allowing them to deliver on our promise on being first in service excellence and customer satisfaction," said Mr. Chua.

Given the Group's successful track record, ERA has secured marketing agent appointments for 18 quality residential projects with approximately 5,854 new home units scheduled to be launched in the last 2 months of 2019 and FY2020.

The private residential resale market continued to remain weak with 2,482 units transacted in 3Q FY2019 compared with 2,753 units in 3Q FY2018.



The HDB market remained healthy with 6,264 transactions completed in 3Q FY2019, compared with 11,111 transactions completed in 1H FY2019. On an annualised basis, this represents a 12.8% increase. In September 2019, the Singapore Government implemented measures to make homes more affordable and accessible to Singaporeans by increasing the income ceiling and providing buyers with an Enhanced CPF Housing grant of S\$40,000. These new incentives come on top of measures announced in 2Q FY2019, which allow buyers to have greater flexibility in using their Central Provident Fund monies as well as bigger housing loans. These measures resulted in the strong demand for HDB resale flats in 3Q FY2019.

Underpinned by a strong reputation for quality and excellence in customer service, ERA maintained approximately 40% share of resale transactions in the private residential and HDB market in 9M FY2019.

Overseas Expansion

ERA has a proven 20-year track record of project marketing in Singapore. Our focus is to build and enhance our project marketing capabilities in Indonesia and Thailand.

“In Indonesia, ERA has a strong standing with leading developers and homeowners who recognise the Group and its network of 6,500 sales persons for excellence in customer service and innovative project marketing. We have demonstrated our ability to replicate and localise this offering in Indonesia with projects such as 57 Promenade and South Quarter. Following this success, we have been appointed as coordinator for 4 other projects, including Branz @ Mega Kuningan, 1 Park Homes, Avania @ Gatot Subroto and Vasanta Innopark. We believe that ERA Indonesia will start contributing to the Group over the next few years as the sector continues to liberalise.

We are one of the largest home selling networks in Thailand with a sales force of more than 400 salespersons across 22 franchisees. We have established a strong reputation and track record with leading developers in the country having sold more than 450 new home units over the past year. This has allowed us to secure marketing rights for 18 projects with 10,697 residential units, including notable developments such as The Line Wongsawang, Artisan Ratchada, The Regent Orchid Talad Plu, Wyndham Garden Irin, and Chamonix,” said Mr. Chua.

Outlook

Commenting on the outlook for the Group, Mr. Chua said, “Going forward, we will focus on growing our business in Singapore and leverage our Singapore expertise for expansion across South-east Asia.”



APAC Realty remains well positioned with a strong balance sheet and healthy cash balance of S\$27.0 million as at 30 September 2019. The Group has one of the largest brand footprints in Asia with more than 17,300 salespersons in 643 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 643 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 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 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 September 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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