



APAC Realty Limited
(Company Registration No. 201319080C)
(Incorporated in Singapore on 15 July 2013)

Announcement on Indonesian Investment

1. INTRODUCTION

1.1 Acquisition. The board of directors (the “**Board**” or the “**Directors**”) of APAC Realty Limited (the “**Company**”) wishes to announce that its wholly-owned subsidiary, APAC Investment 2 Pte. Ltd. (“**APAC Investment 2**”) has entered into various transactions for the purposes of effectively acquiring interest in PT ERA Graharealty (the “**Target**”) (the “**Proposed Acquisition**”), a limited liability company incorporated in Indonesia.

1.2 Acquisition Agreements. In respect of the Proposed Acquisition, various entities, including APAC Investment 2, have entered into the following transactions:

- (i) APAC Investment 2 has entered into a share purchase option agreement with each of Darmadi Darmawangsa (“**DD**”) and Aan Andriani Sutrisno (“**AA**”) and such agreements collectively, the “**Share Purchase Option Agreements**”), who are the sole shareholders of PT Realti Jaya Abadi (“**RJA**”), a limited liability company incorporated in Indonesia, where APAC Investment 2 is granted the option to purchase the shares in RJA held by DD and AA respectively. Such options to purchase are available from the respective dates of the Share Purchase Option Agreements until the fifth year after the respective dates of the Share Purchase Option Agreements, and should APAC Investment 2 exercise such options, the consideration to be provided will be nominal.
- (ii) For the purposes of providing RJA with working capital and the funds to pay for the acquisition-related expenses, APAC Investment 2 has also entered into a convertible loan agreement (the “**Convertible Loan Agreement**”) with RJA, where APAC Investment 2 will provide a loan of up to USD 3,200,000 (approximately SGD 4,419,040⁽¹⁾) to RJA (the “**Convertible Loan**”) ⁽²⁾. Pursuant to the Convertible Loan Agreement, the Convertible Loan is convertible into shares in the issued share capital of RJA at the end of the fifth year after the Convertible Loan is first utilised (subject to extension at APAC Investment 2’s

¹ Unless otherwise stated, the SGD equivalent of IDR amounts in this Announcement are based on the exchange rate of SGD1.00 : IDR 10,500. The USD equivalent of SGD amounts in this Announcement are based on the exchange rate of USD1.00 : SGD 1.38095.

² As at the date of this Announcement, USD2,048,276 (equivalent to IDR 29.7 billion) of the Convertible Loan was disbursed.

discretion) (the “**Maturity Date**”), unless APAC Investment 2 demands conversion before the Maturity Date. Except upon the written demand of APAC Investment 2 before the Maturity Date, RJA shall not be entitled to repay all or any portion of the amount of the Convertible Loan. Further, as security for the Convertible Loan:

- (a) DD and AA have each entered into a pledge of shares agreement with APAC Investment 2 (collectively, the “**Convertible Loan Pledge of Shares Agreements**”) to pledge all of their shares in RJA and RIM (as defined below) (if applicable) to APAC Investment 2; and
 - (b) RJA and RIM (as defined below) undertake to pledge all their bank accounts to APAC Investment 2.
- (iii) PT Reali Indo Mandiri (“**RIM**”), a limited liability company incorporated in Indonesia⁽³⁾, and RJA have also entered into a conditional shares sale and purchase agreement (“**CSPA**”) with PT ESA Realty Aditama (“**ESA**”), a limited liability company incorporated in Indonesia, and Mr Moedjiyanto S. Tjahjono (“**MST**”), where, subject to the terms and conditions of the CSPA including the conditions precedent specified therein, RIM agreed to purchase 16,499,999 shares in the issued share capital of the Target from ESA and RJA agreed to purchase 1 share in the issued share capital of the Target from MST, for the consideration of IDR 98,999,994,000 (approximately SGD 9,428,570) and IDR 6,000 (approximately SGD 0.57) respectively (the aggregate consideration under the CSPA of IDR 99,000,000,000 (approximately SGD 9,428,571), the “**CSPA Consideration**”). The shares purchased by RIM and RJA under the CSPA represent 100% of the issued shares of the Target immediately following completion under the CSPA (the “**Target Shares**”).
- (iv) For the sole purpose of providing RIM and RJA with the funds to pay the CSPA Consideration, APAC Investment 2 entered into a loan agreement with RJA (the “**CSPA Loan Agreement**”) where APAC Investment 2 will provide a loan of up to USD 6,827,586 (equivalent to IDR 99,000,000,000 or approximately SGD 9,428,571) to RJA (the “**CSPA Loan**”). The CSPA Loan shall be payable on demand by APAC Investment 2 and except upon the written demand of APAC Investment 2, RJA shall not be entitled to repay all or any portion of the principal amount of the CSPA Loan. Pursuant to the CSPA Loan Agreement, RJA has entered into a pledge of shares agreement with APAC Investment 2 to pledge all of its shares in RIM and the Target to APAC Investment 2 as security for the CSPA Loan (collectively, the “**CSPA Loan Pledge of Shares Agreements**”). The disbursement of the CSPA Loan is subject to the satisfaction or waiver (by APAC Investment 2) of the following conditions precedent within 30 calendar

³ RJA holds 99% of the issued shares of RIM and DD holds the remaining 1%. Pursuant to the Share Purchase Option Agreement between DD and APAC Investment 2, APAC Investment 2 is granted the option, exercisable indefinitely, to purchase the shares in RIM held by DD for nominal consideration.

days of the execution of the CSPA Loan Agreement (the “**CSPA Loan Conditions Precedent**”):

- (a) RJA and APAC Investment 2 having prepared the CSPA Loan Pledge of Shares Agreements and all documents required to be entered into by RJA in connection therewith in the agreed form; and
- (b) RJA having provided to APAC Investment 2 copies of the board of commissioners’ approval of RJA’s entry into and the performance of its obligations under the CSPA Loan Agreement.

Disbursement of the CSPA Loan will occur within five days upon satisfaction or waiver of the CSPA Loan Conditions Precedent.

It is intended that the CSPA Loan will be utilised for the CSPA Consideration in the following manner:

- (I) through a shareholder loan, RJA will provide a loan of IDR 98,999,994,000 (approximately SGD 9,428,570) to RIM, which RIM will in turn pay to ESA in accordance with the CSPA; and
- (II) RIM will use the remainder of the CSPA Loan, being the sum of IDR 6,000 (approximately SGD 0.57), to pay MST in accordance with the CSPA.

The Proposed Acquisition is a discloseable transaction as defined in Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) (details of which are set out in paragraph 7 of this Announcement).

2. INFORMATION ON THE TARGET AND RJA

2.1 Target. The Target is the ERA master franchisor for Indonesia. Established in 1992, the Target is a property brokerage pioneer in Indonesia with a network of more than 6,900 agents across its 103 offices.

2.2 RJA. PT Realti Jaya Abadi is a newly-incorporated investment holding company set up for the purpose of the Proposed Acquisition.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Consideration Amount. The consideration for the Proposed Acquisition is up to approximately SGD 13,847,611 (the “**Aggregate Consideration**”), provided by way of the Convertible Loan and the CSPA Loan.

3.2 Consideration Pricing Factors. The Aggregate Consideration was arrived at after taking into account, *inter alia*, the capital required by RIM and RJA to complete the

Proposed Acquisition and to meet its operational requirements. The CSPA Consideration was arrived at after arm's length negotiations, on a willing-buyer and willing-seller basis, and determined on the basis of and taking into account, *inter alia*, the value of the assets (including the office space) in the Target.

3.3 Source of Funds. The Aggregate Consideration will be funded by way of a combination of internal funds, including net proceeds from the Company's initial public offering ("IPO Proceeds") and internal cash flows. Upon provision of the CSPA Loan, the Company will release an announcement pursuant to Rule 704(30) of the Listing Manual to update the shareholders of the Company on the use of the IPO Proceeds.

4. RATIONALE OF THE PROPOSED ACQUISITION

It is intended that if APAC Investment 2 exercises its options under the Share Purchase Option Agreements and converts the Convertible Loan, APAC Investment 2 will wholly-own RJA, which in turn owns 99% of the issued shares of RIM. The remainder of the issued shares of RIM will also be held by APAC Investment 2 pursuant to APAC Investment 2's exercise of its option under the Share Purchase Option Agreement entered into with DD, such that RIM will be wholly-owned by APAC Investment 2. RIM, together with RJA, wholly-owns the Target.

The Proposed Acquisition presents a good opportunity for the Company to deepen its regional business presence and to expand its real estate brokerage and franchise operations in Indonesia.

The Company will make the necessary announcements if and when APAC Investment 2 exercises its options under the Share Purchase Option Agreements and converts the Convertible Loan.

5. FINANCIAL INFORMATION

5.1 Values. Based on the unaudited financial statements of the Target for the financial year ended 31 December 2017, the book value and net tangible asset value attributable to the Target Shares is approximately IDR 8.875 billion (approximately SGD 845,231) and approximately IDR 8.785 billion (approximately SGD 836,667) respectively.

5.2 Net Profit. Based on the unaudited financial statements of the Target for the financial year ended 31 December 2017, the net profit (excluding extraordinary items) attributable to the Target Shares is approximately IDR 4.649 billion (approximately SGD 442,803).

6. FINANCIAL EFFECTS

6.1 Bases and Assumptions. Assuming APAC Investment 2 exercises its options under the Share Purchase Option Agreements and converts the Convertible Loan (the "Exercise and Conversion"), the financial effects of the Proposed Acquisition on the

net tangible assets (“**NTA**”) per share of the Company (“**Share**”), the earnings per Share (“**EPS**”), and the share capital of the Company and its subsidiaries (the “**Group**”) are set out below and are prepared purely for illustration only and do not reflect the actual future financial situation of the Group after the Proposed Acquisition. The pro-forma financial effects have been computed based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2017 (“**FY 2017**”).

6.2 NTA – FY 2017. Assuming the Exercise and Conversion and the Proposed Acquisition had been completed on 31 December 2017, being the end of the financial year for the latest full year results announced by the Group, the financial effects on the consolidated NTA of the Group as at 31 December 2017 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$'000)	32,639	24,047
No. of issued Shares ('000)	355,198	355,198
NTA per Share (cents)	9.19	6.77

6.3 EPS – FY 2017. Assuming the Exercise and Conversion and the Proposed Acquisition had been completed on 1 January 2017, being the beginning of the financial year for the latest full year results announced by the Group, the financial effects on the consolidated earnings of the Group for FY 2017, calculated based on profit after tax, minority interests and extraordinary items of the Group, are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit after tax and minority interests (S\$'000)	25,903	26,346
Weighted average number of Shares ('000)	322,563	322,563
Earnings per Share – Basic (cents)	8.03	8.17
Earnings per Share – Diluted (cents)	8.03	8.17

6.4 Share Capital. The Exercise and Conversion and the Proposed Acquisition will not have any impact on the issued and paid-up share capital of the Company.

7. DISCLOSEABLE TRANSACTION

7.1 **Rule 1006.** The relative figures in relation to the Exercise and Conversion and the Proposed Acquisition computed on the applicable bases set out in Rule 1006 of the Listing Manual (“**Rule 1006**”) are as follows:

Rule 1006	Bases	Relative Figures (%)
(b)	The net profits attributable to the Target Shares compared with the Group’s net profits ⁽¹⁾	1.71
(c)	The aggregate value of the consideration ⁽²⁾ given, compared with the Company’s market capitalisation based on the total number of issued Shares excluding treasury shares ⁽³⁾	7.87

Notes:

- (1) Net profit is defined as profit or loss before income tax, minority interests and extraordinary items. The figures are based on the audited consolidated financial statements of the Group for FY 2017 and the unaudited financial statements of the Target for FY 2017.
- (2) The maximum consideration payable is the Aggregate Consideration.
- (3) The market capitalisation of the Company is based upon 355,197,700 Shares in issue as at 11 February 2019 at a volume weighted average price of SGD 0.4952 for each Share on 8 February 2019, being the last full market day preceding the date of this Announcement.

7.2 **Classification.** As the relative figure for the Exercise and Conversion and the Proposed Acquisition computed on the base set out in Rule 1006(c) of the Listing Manual exceeds 5% but does not exceed 20%, the Exercise and Conversion and the Proposed Acquisition constitutes a discloseable transaction as defined in Chapter 10 of the Listing Manual and shareholders’ approval is not required.

8. Interests of Directors and Controlling Shareholders

None of the Directors and to the best of the Directors’ knowledge, none of the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the transactions above, other than that arising from their respective shareholdings and / or directorships, as the case may be, in the Company.

9. FURTHER INFORMATION

9.1 Directors' Service Contracts. No person is proposed to be appointed as a Director in connection with the Exercise and Conversion and the Proposed Acquisition. Accordingly no service contract is proposed to be entered into between the Company and any such person.

9.2 Documents for Inspection. The following documents are available for inspection during normal business hours at the registered office of the Company at 229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007, for a period of three months commencing from the date of this Announcement:

- (i) the Share Purchase Option Agreements;
- (ii) the Convertible Loan Agreement;
- (iii) the Convertible Loan Pledge of Shares Agreements;
- (iv) the CSPA Loan Agreement; and
- (v) the CSPA Loan Pledge of Shares Agreements.

BY ORDER OF THE BOARD

Chua Khee Hak
CEO and Executive Director
11 February 2019

DBS Bank Ltd. is the sole issue manager of the initial public offering and listing of APAC Realty Limited. DBS Bank Ltd. assumes no responsibility for the contents of this Announcement.