



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

**ANNUAL GENERAL MEETING TO BE HELD ON 20 APRIL 2021
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS**

APAC Realty Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) would like to thank shareholders for registering to attend the Company’s 4th Annual General Meeting (“**AGM**”) to be held on 20 April 2021 at 10:00 am by electronic means.

There were no questions from shareholders. Please refer to the questions received from Securities Investors Association (Singapore) and the Company’s responses are set out below:

Q1

(i) Can management help shareholders understand the importance of scale in the industry and if the group currently has the necessary scale to execute on its strategic plans?

Scale (or size) is an important attribute for real estate agencies. A larger agency is better positioned to secure a greater number of quality project marketing appointments from developers, recruit new and seasoned agents, devote additional resources to training programmes, and develop/acquire advanced proptech technologies and applications to enhance the efficiency of its agents.

The Group has the necessary scale to execute its three-pronged strategic plan and create value for its shareholders over the longer-term:

- 1) Strengthen and expand presence in Singapore and Southeast Asia;
- 2) Expand range of services and geographical presence in Asia-Pacific region; and
- 3) Enhance technological capabilities.

(ii) What is the group’s strategy to build up a strong and stable team of agents that is aligned with the group’s long-term vision?

Over the years, ERA has established a strong, cohesive and stable team of agents by leveraging the proven ERA approach to agent recruitment, training and retention. The Group actively recruits new agents as well as recruit agents and acquire agent networks from other agencies by offering market-guided incentives to join ERA. The draw for agents to join ERA is in the Group’s focus to deliver value to its customers – namely our agents. ERA exists to raise the proficiency of its agents through specialised training programmes and equips them with the latest proptech technologies and applications, allowing its agents to deliver quality advice and service excellence to home buyers and owners. To retain the best in the industry, ERA also has incentives in place to reward agents for their loyalty to the Group.

- (iii) On the other hand, did management evaluate opportunities during the pandemic to acquire agent networks especially in overseas markets to further consolidate its market position?**

As a forward-thinking Group, APAC Realty is always exploring opportunities to build/acquire overseas agent networks in the Asia Pacific region. One notable investment that the Group made in FY2020 was the investment in ERA Vietnam, allowing the Group to participate in the leadership and future growth of the real estate brokerage in Vietnam. Vietnam is the only country in ASEAN to register positive growth in 2020. The country's economy grew 1.6% on the back of higher investment and strong domestic consumption underpinned by an expanding middle-class population. ERA Vietnam has an experienced and capable team of more than 1,500 agents.

- (iv) What is the strategic value of Coldwell Banker? How is the group leveraging the established brand to create long-term value?**

The Singapore Coldwell Banker franchise was acquired in the year 1998 as part of the Group's defensive strategy. Management is currently assessing its future plans for Coldwell Banker.

Q2

- (i) Can management help shareholders understand the strategic goals of the group's investments in proptech companies? Does the board consider these investments a "cost of doing business" or are these investments made by the group with the goal of generating long-term returns for shareholders?**

The Group's strategy is to enhance its technological capabilities by building and/or acquiring new proptech tools and digital innovations to increase business efficiency and enhance service levels to customers and ERA agents. In the light of this, the Board considers the Group's investments in proptech companies to be a cost of doing business.

The Group has set aside S\$5.8 million¹ of the IPO proceeds for this strategy, of which S\$1.8 million has been utilised to date. The Group continues to actively search for opportunities to acquire/invest in new digital tools.

- (ii) If the latter, how does the group assess the potential and value these early-stage companies?**

Not applicable.

- (iii) Has the board re-assessed the recent investments and reviewed the reasons for the impairments?**

Yes, management and the board periodically reviews and re-assesses the Group's investments, in accordance with the Group's policy.

- (iv) What changes, if any, would the board be making to its investment criteria should it be making further investments?**

The management and board have assessed and concluded that no change to the investment criteria is necessary.

¹ Increased from S\$5.0 million to S\$5.8 million as announced on 13 January 2021 (re-allocation of IPO proceeds)

Q3 In the corporate governance report, the board disclosed that it recognises its responsibility to maintain a sound system of internal controls to safeguard shareholders' investments and the group's business and assets.

(i) Can the AC let shareholders know what are some of the key risks identified?

The Group's key risks identified are as follows:

1. Ability to secure new development bids and project launches
2. Training and development for agents
3. Cashflow and group treasury
4. Compliance with rules and regulations

The Group has a sound corporate governance structure in place which ensures that checks and balances are in place to address risks 3 and 4. To minimise risks 1 and 2, management continues to enhance the knowledge, skills and abilities of its agents to deliver quality advice and service excellence.

(ii) What are the key findings from the internal auditors in FY2020?

For FY2020, the internal auditors covered real estate operations, payroll management, investment process, franchise management and RIA School of Real Estate. There were no significant findings or lapses noted.

(iii) Can management clarify if the internal audit plan covers its overseas subsidiaries and operations?

The Group's operations are predominantly in Singapore and contributions from the overseas subsidiaries are not material to the Group. As such, the internal audit plan for FY2020 did not cover the Group's overseas subsidiaries and operations.

BY ORDER OF THE BOARD

Chua Khee Hak
Executive Chairman and CEO
19 April 2021