



APAC REALTY REPORTS NET PROFIT OF S\$24.2 MILLION IN FY2018

- Declares final dividend of 2.5 cents per share; including the interim dividend of 2.0 cents per share, bringing the total dividend for FY2018 to 4.5 cents per share, representing a 66% dividend payout and a 7.7% dividend yield¹
- Robust pipeline of 46 residential projects with close to 20,000 new home units in Singapore
- Enhanced productivity with average income of an ERA salesperson up 5% to S\$66,281 per salesperson in FY2018 from S\$63,326 per salesperson in FY2017
- Continues to deliver on strategic growth plans with the acquisition of two established and respected franchisees: ERA Indonesia and ERA Thailand
- In prime position to reap the benefits from Asia's long-term real estate prospects with more than 17,800 salespersons in 637 offices across 10 countries
- Focus on growing complementary services such as ERA Auction and Plush

"Over the past year, we made several timely and significant moves to diversify our business and solidify our position as the real estate agency of choice in Asia-Pacific. With Singapore's real estate market expected to remain stable into the mid-term, we have taken strategic steps to tap into overseas growth opportunities to create additional income streams and enhance our resilience through market cycles. We remain true to our regional ambitions and will invest in quality businesses that will drive long-term growth and accrete value for our shareholders," said Mr Jack Chua, Executive Director and Chief Executive Officer of APAC Realty.

Financial Highlights

S\$'000	4Q FY2018	4Q FY2017	Change (%)	FY2018	FY2017	Change (%)
Revenue	81,863	129,718	(36.9)	423,963	400,638	5.8
Profit before tax	4,747	8,426	(43.7)	29,227	29,418	(0.6)
Profit after tax	4,092	7,879	(48.1)	24,245	25,903	(6.4)
Earnings per share (cents)*	1.15	2.22	(48.2)	6.83	8.03	(14.9)
Net asset value per share (cents)	As at 31 Dec 18		As at 31 Dec 17		Change (%)	
	40.3		37.5		7.5	

** Based on 355,197,700 and 322,563,000 weighted average number of shares as at 31 December 2018 and 31 December 2017 respectively*

¹ based on the closing price of S\$0.585 per share on 27 February 2019



SINGAPORE, 28 February 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\$424.0 million for the twelve months ended 31 December 2018 (“FY2018”), a 5.8% or S\$23.4 million increase compared to S\$400.6 million in the previous corresponding period (“FY2017”).

This was achieved despite a 36.9% decline in revenue for the three months ended 31 December 2018 (“4Q FY2018”) from the year ago quarter (“4Q FY2017”), in tandem with a decline in new and resale transactions in the Singapore market over the same period. According to data released by the Urban Redevelopment Authority (“URA”), private residential transactions declined 37.8% from 6,210 units in 4Q FY2017 to 3,860 units in 4Q FY2018.²

As a result, APAC Realty recorded net profit of S\$24.2 million in FY2018 compared to S\$25.9 million in FY2017. With a prudent approach to capital management, the Group continues to demonstrate the strength of its balance sheet and ended the year in a healthy cash position of S\$43.0 million.

Rewarding shareholders with a 66% payout ratio in FY2018

In the light of the Group’s strong cash flow and robust balance sheet, the Board of Directors is pleased to declare a final dividend of 2.5 Singapore cents per share to reward shareholders for their continued support. Including the interim dividend of 2.0 Singapore cents per share paid in 2018, this represents an attractive dividend yield of 7.7% based on the closing price of S\$0.585 per share on 27 February 2019, being the last full market day preceding the date of this news release. The total dividend of 4.5 Singapore cents per share equates to a total payout of S\$16.0 million for FY2018. Based on the Group’s net profit of S\$24.2 million for FY2018, this translates to a dividend payout ratio of 66%.

Continued growth and market leadership

“Notwithstanding the current cooling measures and tepid market sentiment in FY2018, we continued to maintain a leading position in Singapore’s new home market. Underpinned by our project marketing expertise, 22 projects of which we were appointed as marketing agents were sold out by year-end. In aggregate, we sold 3,249 new home units, giving us a leading 33% share of 9,931 new home units³ sold in the Singapore market in FY2018. In terms of transaction value, we have a commendable 44% share of the new home market, demonstrating our ability to market and deliver prime property transactions in a soft market,” said Mr Chua.

² “Release of 4th Quarter 2018 real estate statistics”, Annex D, 25 January 2019. Source: URA

³ Including executive condominiums



As of 28 February 2019, ERA has secured marketing agent appointments for 46 quality projects with close to 20,000 new home units to be launched in FY2019. This significant achievement is testament to the strength and value of ERA's project marketing expertise which is regionally recognised by developers for quality, innovative marketing solutions and service excellence.

Enhanced support and productivity

The Group continued to strengthen the productivity of its salesforce in Singapore through increased marketing activities, training and innovation. Backed by strong support from the agency, the average income of an ERA salesperson rose 5% to S\$66,281 per salesperson in FY2018 from S\$63,326 per salesperson in FY2017.

Asia-Pacific acquisitions to drive income growth and resilience through cycles

In February 2019, the Group acquired ERA Indonesia, a property brokerage pioneer in Indonesia with an estimated market share of approximately 10% of Indonesia's secondary property market and a network of more than 6,900 salespersons across its 103 offices. Encouraged by Indonesia's fast-growing economy, rising living standards and a population of over 265 million people, APAC Realty believes that there is significant near- to mid-term upside for ERA Indonesia as it creates new revenue streams such as implementing ERA Singapore's proven project sales business model in the country.

In the same month, APAC Realty entered into a cooperation agreement which allowed the Group to take direct ownership of ERA Thailand and to expand its real estate brokerage and franchise operations in the country. With a talent pool of close to 400 real estate salespersons, 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. This development will allow the Group to be strategically involved and participate in the growth of ERA Thailand, which is well positioned for growth with a recovering economy, rising middle class, and strong buying interest from mainland China and Hong Kong.

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 salespersons 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 to tap into the robust property market of Hainan province. 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.



“We have one of the largest brand footprints in Asia with more than 17,800 salespersons in 637 offices across 10 countries through our ERA franchisees. Our acquisitions in Indonesia and Thailand are testament to the strength and flexibility of the ERA global franchise model which allows us to plan and grow our regional presence in a capital-efficient manner. As leading players in their home markets, ERA Indonesia and ERA Thailand enjoy strong brand recognition for quality service and trusted advice,” said Mr Chua.

ERA to engage high net-worth individuals across Asia with Plush

In January 2019, ERA launched Plush, a premium service that will allow its salesforce to engage and service high net-worth individuals across Asia-Pacific, which accounted for more than a third of the global wealth market in FY2017. ERA will undertake additional training to help salespersons better serve customers in this niche but growing market segment.

ERA Auction: Multi-year track record of success

ERA restarted its auction division in FY2015 and now has a team of four experienced auctioneers. Over the years, the auction division has grown from strength to strength and delivered an increase of 73% in transaction value for FY2018 as compared to FY2017. Properties sold under the hammer and through private treaty for bank or owner sale in FY2018 included a wide range of asset classes from residential to commercial, to industrial and HDB properties. The Group believes that its track record of delivering optimal closing valuations and service excellence continues to position ERA as the auction partner of choice for clients.

The next Auction will take place on 25 March 2019 at 2.30 p.m. at Amara Singapore, Level 3, Connection Room.

Outlook

APAC Realty remains cautiously optimistic for the mid-term outlook for the Singapore real estate market as the property cooling measures introduced by the government on 5 July 2018 remain in-force. The increase in additional buyer’s stamp duty and reduction in loan-to-value ratio will continue to affect underlying demand for residential properties in Singapore. Furthermore, the Singapore economy may be affected by adverse global economic conditions, uncertainty in the US-China trade relations and changes in mortgage interest rates.

Whilst the number of unsold private residential units (including executive condominiums) increased from 19,755 units as at 31 December 2017 to 35,649 units as at 31 December 2018, the vacancy rate of



completed private residential units declined from 7.8% to 6.4% over the period.⁴ URA expects a potential supply of 9,800 units (including executive condominiums) from Government Land Sales sites and award enbloc sales sites which have yet to secure planning approvals.

Following the acquisition completion of ERA Indonesia and ERA Thailand earlier this month, APAC Realty has started working with the respective local management teams to realise synergies and grow their businesses through cross-selling opportunities, sharing of knowledge and building new business networks.

###

DBS Bank Ltd. is the sole issue manager of the initial public offering ("IPO") and listing of APAC Realty Limited. DBS Bank Ltd. assumes no responsibility for the contents of this press release.

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 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.

⁴ "Release of 4th Quarter 2018 real estate statistics", 25 January 2019. Source: URA



APAC Realty is listed on the Mainboard of the Singapore Exchange Limited since 2017. For more information, please visit www.apacrealty.com.sg.

###

For media enquiries, please contact:

Clarence Fu, Mobile: 9781 0737, Email: clarence.fu@newgatecomms.com.sg

Melissa Chia, Mobile: 9455 3822, Email: melissa.chia@newgatecomms.com.sg

Alicia Tan, Mobile: 9773 2563, Email: alicia.tan@newgatecomms.com.sg