



## APAC REALTY 1H FY2020 NET PROFIT INCREASES 53%

- Maintains interim dividend of 0.75 cents per share, representing an annualised dividend yield of 4.1%<sup>1</sup>;
- Well-positioned to weather the Covid-19 pandemic with a strong balance sheet and healthy cash balance of S\$34.3 million as at 30 June 2020;
- Invested \$1.5 million for a 38% interest in ERA Vietnam and \$0.8 million into its technology initiatives to enhance the competitive edge of our sales teams.

*"We are pleased with our financial performance in the first six months given the challenges faced by the Group in a highly restrictive operating environment. Although Singapore's new home and resale market benefited from pent-up demand following the end of the Circuit Breaker Period, the pace of recovery will depend largely on the state of the global economy and resumption of cross border travel.*

*Due to the suspension of real estate transaction related activities during the Circuit Breaker Period, and taking into account the time required for completion of real estate transactions as well as the time lag in revenue recognition, we expect lower revenue in 3Q FY2020.*

*Whilst the near-term outlook remains challenging, we remain well-positioned to weather the downturn. The strength of our business model allows us to generate strong positive cashflows through market cycles and our cash position remains healthy, providing us with ample liquidity to operate the business and meet our loan commitments."*

**- Mr. Jack Chua, Executive Chairman and Chief Executive Officer of APAC Realty Limited**

### Financial Highlights

S\$'000	1H FY2020	1H FY2019	Change (%)
Revenue	172,823	163,061	6.0
Profit before tax	9,068	6,252	45.0
Profit after tax	7,701	5,039	52.8
Earnings per share (cents)	2.18	1.44	51.4
	<b>As at 30 Jun 20</b>	<b>As at 31 Dec 19</b>	<b>Change (%)</b>
Net asset value per share (cents)*	43.1	41.0	5.1

\* Based on 355,197,700 weighted average number of shares as at 30 June 2020 and 31 December 2019.

<sup>1</sup> As at close of market on 12 August 2020, being the last full trading day preceding the date of this news release



**SINGAPORE, 13 August 2020 – 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 a S\$9.8 million or 6.0% increase in revenue to S\$172.8 million for the six months ended 30 June 2020 (“1H FY2020”), compared to S\$163.1 million in the previous corresponding period (“1H FY2019”).

The Group’s performance during the period continued to be affected by the prevailing property cooling measures and the impact from the suspension of real estate business from 7 April to 1 June 2020 (the “Circuit Breaker Period”). The increase in the Group’s 1H FY2020 revenue was primarily due to higher brokerage income contribution from new home sales, and to a lesser extent, resale and rental of properties. Revenue from new home sales increased S\$7.3 million or 15.5% to S\$54.3 million, while revenue from resale and rental of properties increased S\$1.4 million or 1.3% to S\$112.9 million in 1H FY2020.

In line with the higher revenue, cost of services increased S\$8.1 million or 5.6%, from S\$143.1 million in 1H FY2019 to S\$151.2 million in 1H FY2020. Total operating expenses 1H FY2020 declined by approximately S\$1.1 million or 8.2%, from S\$13.7 million in 1H FY2019 to S\$12.6 million. The decline was mainly due to (a) lower finance costs as a result of loan repayments and lower bank interest rates; (b) lower marketing and recruitment expenses in the light of the Circuit Breaker Period; and (c) unrealised exchange gain on other receivables.

As a result, profit after tax for the period increased S\$2.7 million or 52.8%, from S\$5.0 million in 1H FY2019 to S\$7.7 million in 1H FY2020.

To thank shareholders for their trust and continued support during this challenging period, the Board of Directors has declared an interim dividend of 0.75 Singapore cents per share. This represents an annualised dividend yield of 4.1% based on the closing price of S\$0.365 per share on 12 August 2020.<sup>2</sup>

### **Singapore: ERA continues to be the preferred marketing agent for new home launches**

Since pioneering the industry model for marketing agencies to collaborate with developers to market new home project launches over two decades ago, the Group has established itself as the preferred marketing agency for new launches amongst leading developers. Despite the challenging market, ERA Realty (“ERA”) has secured marketing agent mandates for 42 quality residential projects with approximately 14,900 new home units launched or scheduled to be launched in FY2020 and 1H FY2021.<sup>3</sup>

With the Circuit Breaker Period in effect in 1H FY2020, developers in Singapore sold 3,862 private residential units and 661 EC units, compared with 4,188 private residential units and 20 EC units in the year ago quarter. ERA’s estimated market share in this segment was 27.7% in 1H FY2020 compared to 27.2% in 1H FY2019.

Singapore’s private residential resale market recorded sales of 3,071 units in 1H FY2020, compared with 4,321 units in 1H FY2019. The HDB resale market moved in tandem and declined 16.1% from 11,111 transactions in 1H FY2019 to 9,319 transactions in 1H FY2020. ERA’s estimated market share in the private and HDB resale market was 42.2% in 1H FY2020, compared to 40.3% in 1H FY2019.

Despite the prevailing property cooling measures and Circuit Breaker Period, ERA maintained a healthy 38.3% share of Singapore’s residential property market in 1H FY2020, compared with 37.5% in 1H FY2019.

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<sup>2</sup> The last full trading day preceding the date of this news release

<sup>3</sup> As of 12 August 2020



## Developments in the region: ERA Indonesia

As part of its vision to create one of the world's top five economies by 2045, the Indonesian government has proposed a new law under the Omnibus Bill that will enable foreign investors to purchase and own property in the country with fewer restrictions. At present, foreigners are unable to buy the land under which properties have been built and can only lease Indonesian properties. However, the proposed law would make it possible for foreigners to own strata-titled apartments and condominiums.

Industry watchers expect the easing of foreign property ownership to drive foreign investment interest and inject US\$5 billion to US\$10 billion into the Indonesian economy annually<sup>4</sup>. This is expected to have a multiplier effect on the country's real estate value chain through increased jobs for contractors and construction workers and growth for building-material businesses.

With about 6,500 sales persons across 109 offices, ERA Indonesia is set to reap the benefits from increased demand when the proposed law is passed and the economy recovers in a post-Covid era. ERA Indonesia will be able leverage on the Group's regional network to market quality Indonesian properties to foreign investors and home owners.

## Looking ahead

Singapore's economy contracted 12.6% on a year-on-year basis and 41.2% on a quarter-on-quarter basis in 2Q FY2020. This was due to measures implemented by the government during the Circuit Breaker Period, as well as weak external demand amidst a global economic downturn precipitated by the COVID-19 pandemic. In the light of this negative development, the Singapore government reported that total employment recorded its largest quarterly contraction in 2Q FY2020<sup>5</sup> and that it expects Singapore's GDP to shrink by 4% to 7% in FY2020<sup>6</sup>. In a bid to stimulate the economy, the government launched a series of budgets 1H FY2020 to deploy more than S\$193 billion<sup>7</sup> to support businesses and Singaporeans.

The Group believes that the negative impact of the Covid-19 outbreak on the Singapore property market is expected to be relatively short-lived. Interest from local and foreign buyers will eventually return as evident in the initial demand from the market following end of the Circuit Breaker Period. However, the pace of this recovery is subject to the world overcoming Covid-19 and the health of major economies.

Singapore has been ranked as one of the top three prime real estate cities in the world<sup>8</sup> and continues to be a destination of choice for foreigners, especially Chinese and Indonesian property buyers. The Singapore government has committed to large scale investment plans to maintain the country's competitiveness with projects such as the Jurong Lake District, the Sentosa-Brani Master Plan, and the revamp of the Orchard Road shopping belt<sup>9</sup>. These projects are expected to stimulate investor interest and revitalize the residential property market. The ASEAN+3 Macroeconomic Research Office (AMRO) expects Singapore's economy to pick up in 2H FY2020 and recover strongly in FY2021 to deliver GDP growth of 7% next year.<sup>10</sup>

"Our focus is to create long-term value for our shareholders with a technology-forward mindset. On this front, we invested in real estate technology enablers such as Turning-Point Pte Ltd to drive digital innovation and productivity. This focus will strengthen the competitive edge of our sales teams by providing access to advanced real estate mobile apps, online tools and training, ensuring that our

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<sup>4</sup> "Changes to Indonesia's foreign ownership of property could give it US\$10b annual boost", The Business Times, 4 Aug 2020

<sup>5</sup> "Singapore's total employment in Q2 sees biggest quarterly contraction on record", The Business Times, 29 July 2020

<sup>6</sup> "MTI Downgrades 2020 GDP Growth Forecast to -7.0 to -4.0 Per Cent", MTI News Release, 26 May 2020

<sup>7</sup> [https://www.singaporebudget.gov.sg/budget\\_2020](https://www.singaporebudget.gov.sg/budget_2020)

<sup>8</sup> "Singapore ranks third in global survey for real estate demand", The Edge Singapore, 9 January 2020

<sup>9</sup> "Govt, industry going ahead with investments for mid to long term: Chan Chun Sing", The Business Times, 23 July 2020

<sup>10</sup> "ASEAN+3 Regional Economic Outlook Update", ASEAN+3 Macroeconomic Research Office, 6 August 2020



salesforce remains committed and able to deliver on our promise of being first in service excellence and results.

“We remain focused on our regional expansion plans as a geographically diversified business will enhance our ability to create cross-selling opportunities and reach quality home buyers and investors across the Asia. As the economies of Indonesia, Thailand, Vietnam and Malaysia recover, we expect to realise synergies and grow their contribution to the Group,” said Mr Chua.

The Group has one of the largest brand footprints in Asia with more than 17,600 salespersons in 638 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 17,600 salespersons across 638 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 7,200 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 38 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 June 2020, there are 14 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](http://www.apacrealty.com.sg).

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