



## **APAC REALTY REPORTED 63% JUMP IN NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2017**

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**SINGAPORE, 23 February 2018 – 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, reported today that its net profit for the full year ended 31 December 2017 ("FY2017") was \$25.9 million or 63.1% higher than the \$15.9 million net profit for the last year ("FY2016").

### *Financial Highlights for the year ended 31 December*

<b>In \$'000</b>	<b>FY2017</b>	<b>FY2016</b>	<b>Change (%)</b>
Revenue	400,638	287,749	39.2
Profit Before Tax	29,418	18,079	62.7
Profit After Tax	25,903	15,882	63.1
Earnings per share* (In Cents)	8.03	5.11	57.1
Net Asset Value per share (In Cents)	37.5	25.4	47.6

\* Computed based on 322,563,000 and 311,080,000 ordinary shares as at 31 December 2017 and 31 December 2016 respectively.

The strong improvement in net profits was achieved on the back of a 39.2% increase in revenue for FY2017 as compared to FY2016.

The increase in revenue is largely attributable to the increase in brokerage income from resale and rental of properties, and new home sales amounting to a total of approximately \$112.1 million. The Group benefited from a recovery in the Singapore residential market where there is a substantial increase in transaction volume for the private primary and secondary market. The private residential price index also registered its first increase of 1.1% for the whole of 2017, after 3 years of decline.

A proposed final dividend of 2 cents was declared for FY2017, subject to approval by shareholders at the forthcoming Annual General Meeting to be convened. Details on book closure and payment dates will be announced in due course.



At 2 cents per share, this translates to an annualised dividend yield of 12% based on the IPO price of \$0.66. The dividend payable of approximately \$7.1 million represents approximately 90% of the 4Q2017 net profit and is above the 50% committed by the Board as disclosed in the IPO prospectus (post-listing for 2017, and 2018).

To date, ERA has already secured more than 20 projects to be launched in 2018 with close to 11,000 residential units available for sale. This is double the 4,800 units (from 8 projects) launched by ERA in 2017 and signifies greater growth potential for ERA and more sales opportunities for ERA salespersons in 2018.

Commenting on the strong results, Mr. Jack Chua, Executive Director and Chief Executive Officer said: "We are pleased with the good set of results achieved for FY2017. The property market is recovering. Going forward, we intend to strengthen and grow our presence in Singapore and the Asia-Pacific region, expand our range of services, and enhance our technological capabilities to remain a leader in our industry and a stalwart of the ERA brand here in Singapore and across the region."

The company has also announced its expansion to Cambodia at the 2018 ERA Asia Pacific Business Conference held on 8 February 2018, adding to its vast network of close to 17,500 agents across Singapore, Indonesia, Japan, Korea, Malaysia, Taiwan, Thailand and Vietnam.

Being an industry leader, ERA launched a new customised property technology solution called [FindPropertyAgent.sg](http://FindPropertyAgent.sg) ("FPA"). Designed with consumers in mind, the newly revamped website makes property transactions more transparent and is aligned with the government's vision for the Real Estate Industry Transformation Map (ITM). "The improved FPA aims to better facilitate the matching between consumers and real estate salespersons. This streamlines the property search process and allows our salesperson to improve overall productivity," explained Chua.

Ratings from clients are published on the salespersons' profile pages in FPA, which also includes the salespersons' contact information, reviews, completed transactions, past achievements and completed training. Its smart algorithm helps consumers to find the right salespersons based on relevancy to their property search requirements. In addition, a chart displaying the salesperson's specialisation will be updated through real-time data. These industry-first features will empower consumers who are looking to engage real estate salespersons to make more informed decisions.

Over the years, the company has also launched 24/7 PropWatch, i-ERA mobile application and other technologies which have helped more than 6,000 agents and over 437,000 customers to simplify and increase the efficiency of property transaction processing.



## **MARKET OUTLOOK**

Singapore's property market recovery is expected to be gradual in the next 12 months with more transactions across all segments of the real estate market, especially private residential sales and HDB resale.

### **Private Residential Sales**

The higher Buyer's Stamp Duty introduced in the recent Singapore Budget 2018 is unlikely to derail the recovering private residential property market, which rebounded in the second half of last year after 3 years of decline. This is because for every \$100,000 above a \$1 million purchase price, the increase in stamp duty is only \$1,000. Based on 2017 overall private residential property transactions, two-thirds were below \$1.5 million. So the purchaser of a \$1.5 million property will only have to pay \$5,000 more in buyer's stamp duty; which is not a significant increase.

Going forward, we are expecting prices to increase between 3% to 8% for 2018, as compared to 1.1% increase in 2017. The good buying momentum seen in 2017 is expected to carry into 2018 and we are likely to see overall transaction volumes exceeding well over 2017's 25,010 units (excluding EC transactions).

### **Private Residential Rental**

The overall rental index for the whole of 2017 declined by 1.9%, compared with the decline of 4.0% in 2016 while the vacancy rate of completed private residential units (excluding ECs) decreased to 7.8% at the end of Q4 2017, compared with 8.4% in the previous quarter. A recovery in the rental market may happen in the next 12 months in the form of lower vacancy rates, as the expected number of completed units in 2018 is only 2/3, or approximately 10,634 of the 16,215 completions in 2017. Further, we are expecting there to be an overall 1% to 2% decrease in rental prices for 2018.

### **HDB Resale**

A total of 22,077 resale flats were transacted in 2017. This is a 6.1% increase over the 20,813 units resold in 2016. Prices have also been quite stable, with only a slight 1.5% decrease over 12 months in 2017. Looking forward, with the upgrades in housing grants announced during the Singapore Budget 2018, we can expect resale HDB transaction volumes to be boosted in 2018; as increasingly eligible more households tap into these grants.

### **HDB Rental**

The rental market for HDB flats has also been active, with 42,887 applications for subletting approved in 2017, compared to 44,530 approved applications for 2016. Rental demand for HDB flats has fallen due to more options being available in the private property market, especially for tenants that have



higher rental budgets. Due to the oversupply of rentable private property units, landlords have been lowering prices; and tenants who had previously rented HDB flats find that they can now afford to rent private condominium units. However, HDB flats are still an attractive option for tenants, especially those who are constrained by budget considerations. For 2018, rental transactions are expected to range from 42,000 to 43,000; similar to the 42,887 units that were rented out in 2017.

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### ***About APAC Realty Limited***

APAC Realty Limited ("APAC Realty", the "Company" or together with its subsidiaries, the "Group") is a leading real estate services provider which operates a market-leading real estate brokerage in Singapore under the ERA brand. APAC Realty operates three main business segments – the real estate brokerage services; franchise agreements; and training, valuation, property management and other ancillary services.

APAC Realty's real estate brokerage services are operated by its wholly-owned subsidiary ERA Realty Network Pte Ltd ("ERA Realty") under the ERA brand. ERA Realty is one of Singapore's largest real estate agencies with more than 6,000 agents registered as at 31 January 2018, providing property brokerage services for primary home sales, secondary home sales, and rental of residential, commercial and industrial properties.

APAC Realty holds the exclusive ERA regional master franchise rights for 17 countries in Asia Pacific, acquired from Realogy Group LLC. The Group also holds the master franchise rights for Singapore for Coldwell Banker, one of the oldest and most established real estate office and franchising companies in the United States. As at 31 December 2017, there are 22 Coldwell Banker Member Brokers in Singapore which collectively have over 100 agents registered with them.

APAC Realty's wholly-owned subsidiary Realty International Associates Pte Ltd ("RIA") operates training programmes and courses for real estate agents 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 property management services for real estate developments.

[www.apacrealty.com.sg](http://www.apacrealty.com.sg)

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