

**APAC REALTY LIMITED**

(Company Registration Number 201319080C)  
(incorporated in Singapore on 15 July 2013)

**This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.**

This is the initial public offering of the ordinary shares (the “Shares”) of APAC Realty Limited (the “Company” and together with our subsidiaries, the “Group”). We are issuing and making an offering of 4,796,500 Shares (the “New Shares”) and Asia Pacific Realty Holdings Ltd (“APRH” or the “Vendor”) is making an offering of 44,117,700 Shares (the “Vendor Shares” and together with the New Shares, the “Offering Shares”) for subscription and/or purchase by investors at the Offering Price (as defined herein). The Offering (as defined herein) comprises: (i) an international placement of 44,503,200 Offering Shares to investors (the “Placement Shares”), including institutional and other investors in Singapore (the “Placement”) and (ii) an offering of 4,411,000 Offering Shares (the “Public Offer Shares”) by way of a public offer in Singapore (the “Public Offering” and together with the Placement, the “Offering”). The Offering will consist of an aggregate of 48,914,200 Offering Shares (subject to the Over-allotment Option (as defined herein)). The Offering Shares may be re-allocated between the Placement and the Public Offering at the discretion of the Sole Issue Manager, Bookrunner and Underwriter (as defined herein) (in consultation with us and the Vendor), subject to any applicable laws. See “Plan of Distribution”. The offering price (the “Offering Price”) for each Offering Share is S\$0.66.

At the same time as but separate from the Offering, FIL Investment Management (Hong Kong) Limited, Qilin Asset Management Pte. Ltd., Asdew Acquisitions Pte Ltd and Azure Capital Pte Ltd (collectively, the “Cornerstone Investors”) have entered into cornerstone subscription agreements with our Company (collectively, the “Cornerstone Subscription Agreements”) to subscribe for an aggregate of 39,321,200 Shares (the “Cornerstone Shares”) at the Offering Price, conditional upon, among others, the Underwriting Agreement (as defined herein) having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date (as defined herein).

The Offering is underwritten by DBS Bank Ltd. (the “Sole Issue Manager, Bookrunner and Underwriter”) at the Offering Price.

In connection with the Offering, APRH has granted the Sole Issue Manager, Bookrunner and Underwriter an over-allotment option (the “Over-allotment Option”) exercisable by it as stabilising manager (the “Stabilising Manager”) (or any of its affiliates or other persons acting on its behalf), in full or in part, on one or more occasions, from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) an aggregate of 9,750,000 Shares, representing approximately 19.9% of the total number of Offering Shares in the Offering, in undertaking stabilising actions, to purchase up to an aggregate of 9,750,000 Shares (the “Additional Shares”) at the Offering Price, representing not more than 19.9% of the total number of Offering Shares, solely to cover the over-allotment of Shares (if any), subject to any applicable laws and regulations, including the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) and any regulations thereunder. The exercise of the Over-allotment Option will not increase the total number of issued Shares immediately after the completion of the Offering.

Prior to the Offering, there was no public market for the Shares. An application has been made to the SGX-ST for permission to list all our issued Shares (including the Additional Shares), the Offering Shares and the Cornerstone Shares on the Mainboard of the SGX-ST (the “Listing”). Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among others, permission being granted by the SGX-ST to deal in and for quotation of all our issued Shares, the Offering Shares and the Cornerstone Shares. Monies paid in respect of any application accepted will be returned to you, at your own risk, without interest or any share of revenue or other benefit arising therefrom, if the Offering is not completed because the said permission is not granted or for any other reason, and you will not have any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter. Our Company has received a letter of eligibility from the SGX-ST for the listing and quotation of all our issued Shares, the Offering Shares and the Cornerstone Shares on the Mainboard of the SGX-ST. Our Company’s eligibility to list and admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, our Company, any of our subsidiaries or the Shares (including the Offering Shares, the Cornerstone Shares and the Additional Shares). The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the “MAS”) on 14 September 2017 and 21 September 2017, respectively. The MAS assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the MAS does not imply that the SFA, or any other legal or regulatory requirements, have been complied with. The MAS has not, in any way, considered the merits of the Shares being offered for investment. We have not lodged or registered this Prospectus in any other jurisdiction.

No Shares will be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the MAS.

**Investing in the Shares involves risks. See “Risk Factors” for a discussion of certain factors to be considered in connection with an investment in the Shares.**

Nothing in this Prospectus constitutes an offer of securities for sale in the United States of America (“United States” or “U.S.”) or any other jurisdiction where it is unlawful to do so. The Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state of the United States and accordingly, they may not be offered or sold within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”)), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Shares are only being offered and sold outside the United States in offshore transactions as defined in, and in reliance on, Regulation S or pursuant to another exemption. For further details about restrictions on offers, sales and transfers of the Shares, see “Plan of Distribution”.

Prospective investors applying for Offering Shares by way of Application Forms or Electronic Applications (both as referred to in “Appendix F – Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore”) in the Public Offering will pay the Offering Price on application, subject to refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter), where (i) an application is rejected or accepted in part only, or (ii) the Offering does not proceed for any reason.

**Offering in respect of 48,914,200 Offering Shares, comprising:**

- (i) 44,503,200 Placement Shares; and
- (ii) 4,411,000 Public Offer Shares,  
payable in full on application  
(subject to the Over-allotment Option)

**Offering Price: S\$0.66 per Offering Share**

**Sole Issue Manager, Bookrunner and Underwriter**



**Sub-Underwriter and Placement Agent**  
RHB Securities Singapore Pte. Ltd.

# INVESTMENT HIGHLIGHTS

## 01

**Experienced management team with vast experience in the real estate brokerage sector**

- Our Executive Officers and senior management team have an average of approximately 17 years of experience with our Group<sup>1</sup>

## 02

**Exclusive ERA regional master franchise rights for the Territories in the Asia-Pacific region and member of ERA global franchise network**

- Ability to build our regional presence and network in a capital-efficient manner
- Benefit from greater cross selling opportunities with our overseas sub-franchisees

## 03

**Focused on the real estate brokerage market in Singapore which has a deep and attractive residential real estate market**

- Deep and liquid residential real estate market with one of the highest home ownership rates in the world<sup>2</sup>
- Long-term prospects of the Singapore residential market remain positive, and transaction volumes are expected to be driven by improved market sentiments resulting from government policies and initiatives<sup>2</sup>

## 04

**One of the largest agent networks in Singapore**

- Our Group's success in retaining and recruiting agents is evidenced by the fact that ERA Realty's agent network has increased steadily at a 5-year CAGR of 5.0% per annum<sup>3</sup>

## 05

**Resilient business model**

- We have a robust operating expense structure, diversified brokerage business and other non-brokerage business reflected in our ability to maintain profitability even across property market down cycles

## 06

**Our Board intends to distribute at least 50% of our net profit after tax<sup>4</sup> as dividends for FY2017<sup>5</sup> and FY2018<sup>6</sup>**

- We wish to reward our Shareholders for participating in our Group's growth

<sup>1</sup> Including under the previous holding company of our subsidiaries

<sup>2</sup> According to Cushman & Wakefield

<sup>3</sup> From January 2012 to January 2017

<sup>4</sup> Excluding exceptional items

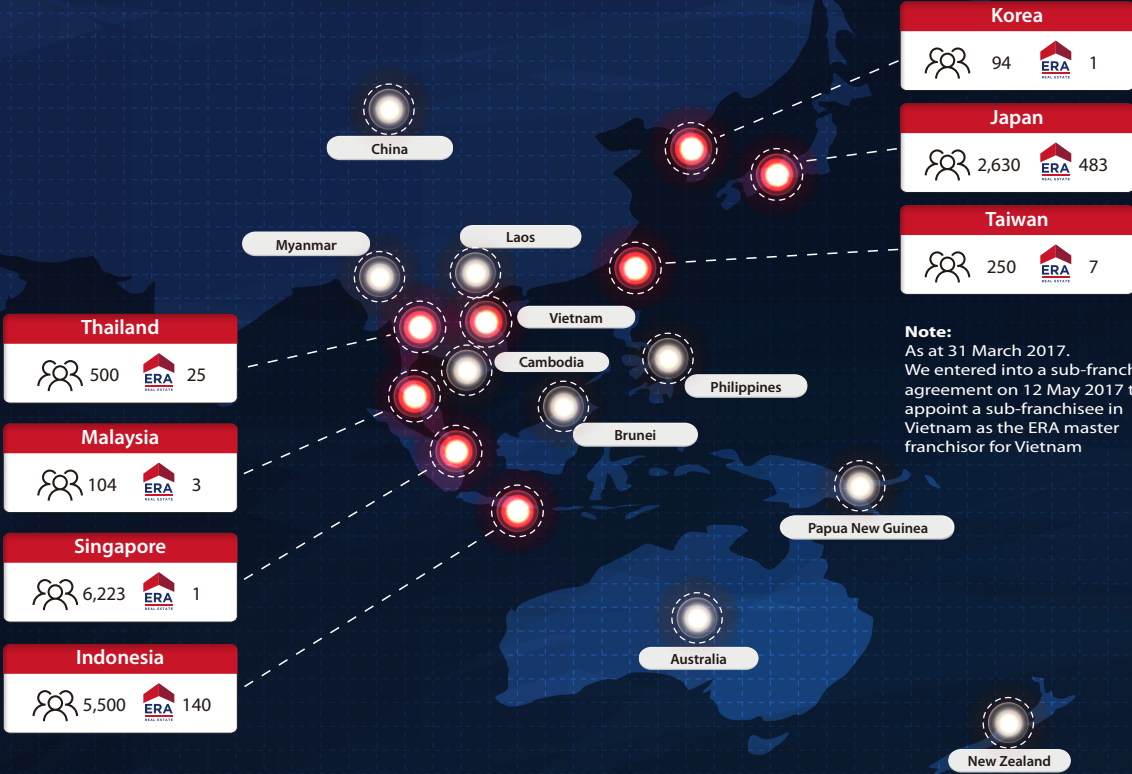
<sup>5</sup> For the period from Listing Date to 31 December 2017

<sup>6</sup> Please refer to the section entitled "Dividends" of this Prospectus for more information

# COMPETITIVE STRENGTHS

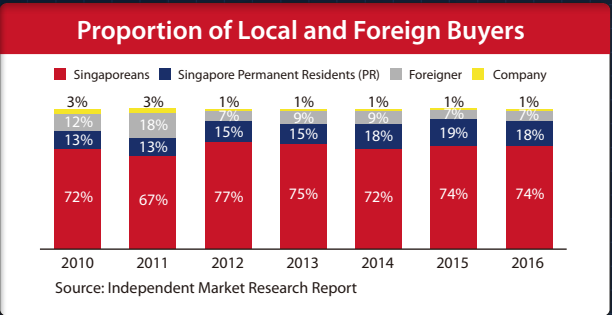
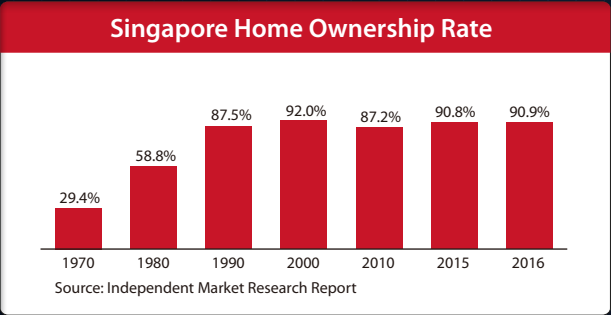
We hold the exclusive ERA regional master franchise rights for the Territories in the Asia-Pacific region and are a member of the ERA global franchise network

- Over the last 35 years, we have built our business by leveraging on the ERA System to establish our presence in Singapore and have, over time, adapted our business model to cater to unique attributes of the Singapore residential property market.
- The master franchise model provides us with the ability to build our regional presence and network in a capital-efficient manner.



We are focused on the real estate brokerage market in Singapore which has a deep and attractive residential real estate market

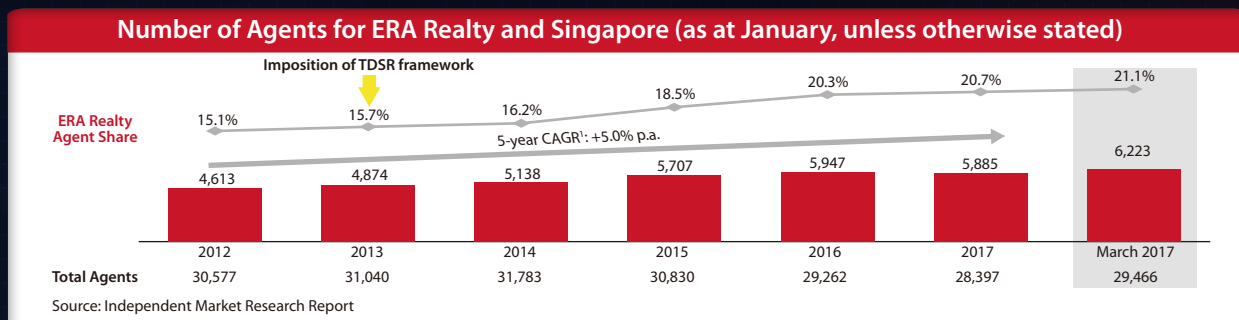
- Our business is focused on Singapore, which contributed 99.9% of our revenue in FY2016.
- The Singapore private residential real estate market is largely supported by local buyers, and low interest rates and strong demand continue to drive prices up in most Asian markets<sup>1</sup>.



<sup>1</sup> According to Cushman & Wakefield

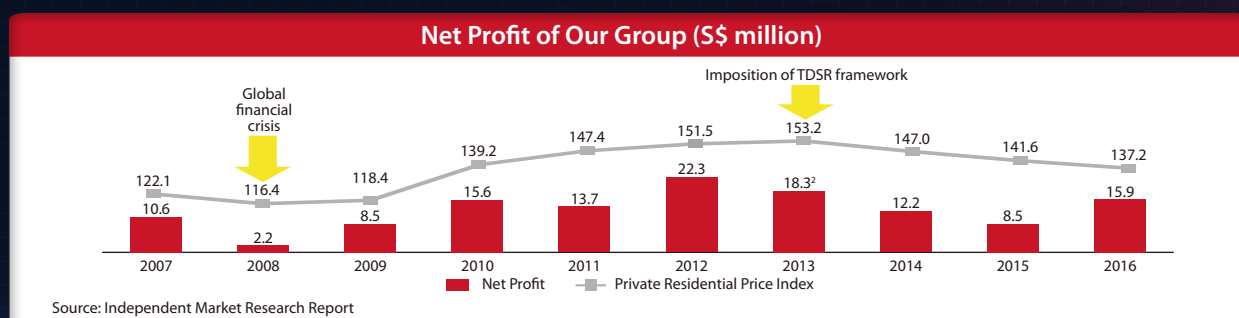
## We have one of the largest agent networks in Singapore

- We have one of the largest registered real estate agent networks in Singapore with 6,223 agents as at 31 March 2017<sup>1</sup>.
- ERA Realty's agent network has increased steadily at a 5-year CAGR of 5.0% per annum from January 2012 to January 2017.

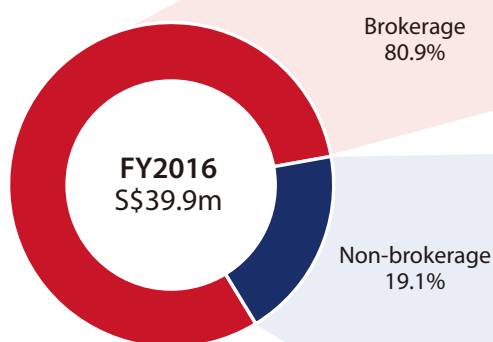


## We have built a resilient business model

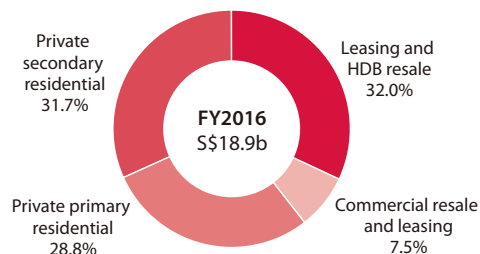
- We have maintained a consistent track record of profitability even across property market down cycles, and this is mainly attributed to our:
  - Robust operating expense structure
  - Brokerage business that is diversified across all property segments
  - Contribution from other non-brokerage businesses



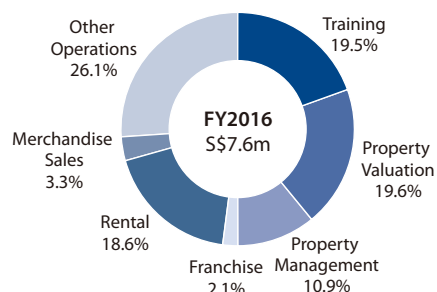
### FY2016 Gross Profit by Business Segments



#### Breakdown of ERA Realty's Transaction Value for FY2016



#### FY2016 Non-brokerage Gross Profit by Business Segments



## We have an experienced management team with vast experience in the real estate brokerage sector

- Our Executive Officers have an average of approximately 20 years of experience in the real estate industry.
- Our Executive Officers and senior management team have an average of approximately 17 years of experience with our Group<sup>3</sup>.

<sup>1</sup> According to Cushman & Wakefield

<sup>2</sup> Excludes expenses related to the acquisition of our subsidiaries from Hersing

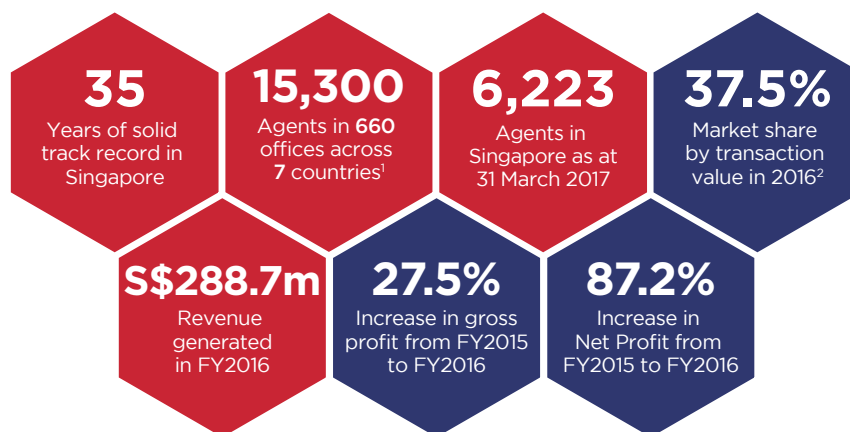
<sup>3</sup> Including under the previous holding company of our subsidiaries

# LEADING REAL ESTATE SERVICES PROVIDER OPERATING A MARKET-LEADING REAL ESTATE BROKERAGE IN SINGAPORE

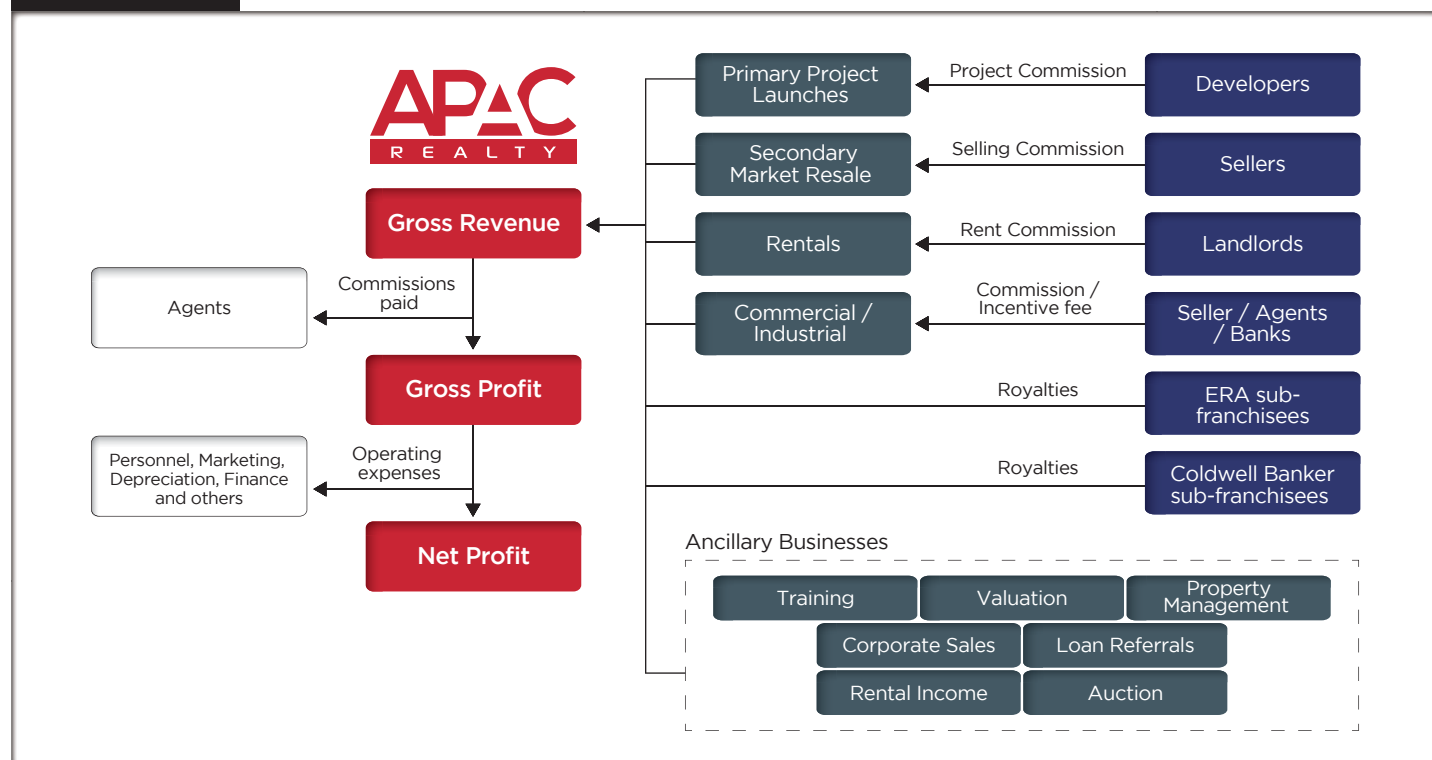
## Overview

- The Group has three main business segments:

Real Estate Brokerage Services	Franchise Arrangements	Training, valuation and other ancillary services
<p>Revenues from this segment are mainly derived from the provision of property brokerage services and we also derive commission-based fees from:</p> <ul style="list-style-type: none"> <li>Primary home sales</li> <li>Secondary home sales</li> <li>Rental of residential, commercial and industrial properties</li> </ul>	<p>Derives royalties from sub-franchisees</p>  <ul style="list-style-type: none"> <li>Singapore</li> <li>Indonesia</li> <li>Japan</li> <li>Thailand</li> <li>Taiwan</li> <li>Malaysia</li> <li>Korea</li> <li>Vietnam</li> </ul> <hr/>  <ul style="list-style-type: none"> <li>Singapore</li> </ul>	<ul style="list-style-type: none"> <li><b>Training programmes and courses</b> for real estate agents in preparation for professional certification exams and as part of continuing professional development regulations</li> <li><b>Valuation work</b> undertaken on behalf of clients such as financial institutions, government agencies and property owners</li> <li><b>Property management services</b> for real estate developments</li> </ul>



## Business Model



<sup>1</sup> As at 31 December 2016

<sup>2</sup> According to Cushman & Wakefield



# STRATEGIES

## Strengthen and expand our presence in Singapore

- Establish a centralised business centre to facilitate greater synergies between our agents.
- Explore opportunities to increase our agent network in Singapore through recruiting individual agents and/or acquiring agent networks.

## Expand our range of services and geographical presence in the Asia-Pacific region

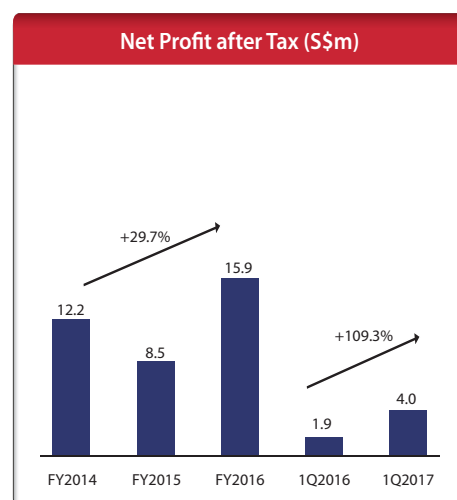
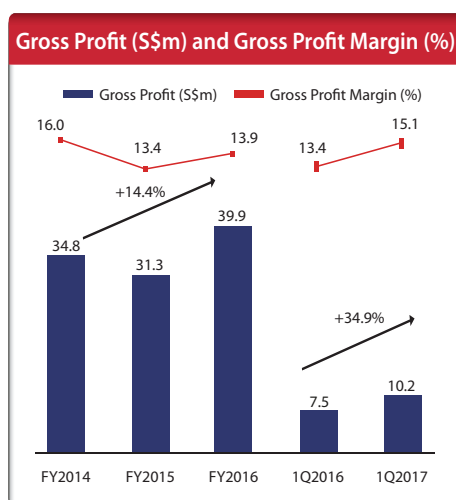
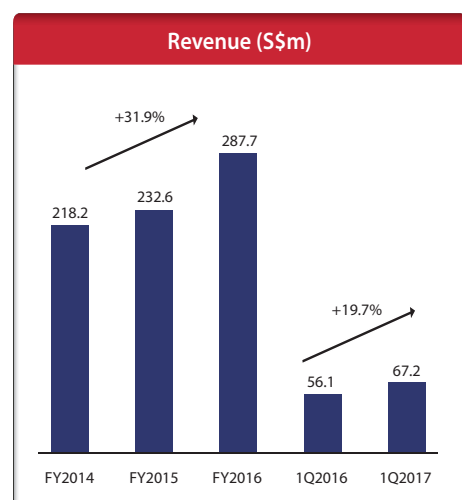
- Further diversify our business into other real estate-related services that offer higher margins, while maintaining our focus on our brokerage business.
- Expand and deepen our existing presence in key markets in the Asia-Pacific region either by setting up a brokerage office, entering into sub-franchise arrangements with local operators or acquiring an existing agent network.



## Enhance our technological capabilities

- Create and/or acquire new tools to increase our business efficiency and offer better levels of service to our customers and agents, including through investments and/or partnerships with third parties.
- Currently, we offer various tools such as:
  - Mobile applications (i-ERA, ERA SG Projects)
  - A website (ERA.com.sg)
  - A customer relationship and management system (24/7 PropWatch)
  - An internal portal (MyERA) which we have developed for our agents to facilitate the execution of real estate transactions

# FINANCIAL HIGHLIGHTS



## TABLE OF CONTENTS

	<u>Page</u>
Notice to Investors .....	2
Corporate Information .....	9
Offering Summary .....	11
Risk Factors .....	29
Dividends .....	47
Capitalisation and Indebtedness .....	48
Use of Proceeds .....	49
Dilution .....	52
Exchange Rates and Exchange Controls .....	53
Selected Consolidated Financial Information .....	54
Management's Discussion and Analysis of Results of Operations and Financial Position .....	57
Our History and Development .....	75
Business .....	78
Regulatory Environment .....	126
Management .....	131
Interested Person Transactions and Potential Conflicts of Interest .....	139
Share Capital and Shareholders .....	142
Description of the Shares .....	148
Taxation .....	154
Plan of Distribution .....	157
Clearance and Settlement .....	164
Legal Matters .....	165
Independent Auditors and Reporting Accountants .....	166
Experts .....	167
General and Statutory Information .....	168
Defined Terms and Abbreviations .....	171
Appendix A – Independent Auditor's Report for the Financial Years ended 31 December 2014, 2015 and 2016 .....	A-1
Appendix B – Independent Auditor's Review Report for the Three-Month Period ended 31 March 2017 .....	B-1
Appendix C – Independent Market Report on the Residential Real Estate Brokerage Sector .....	C-1
Appendix D – Summary of our Constitution .....	D-1
Appendix E – List of Present and Past Principal Directorships of our Directors and Executive Officers .....	E-1
Appendix F – Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore .....	F-1

## NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter. Neither the delivery of this Prospectus nor any offer, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as at any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in our affairs, condition and prospects or the Shares since the date hereof. In the event any changes occur, where such changes are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, or if we otherwise determine, we and the Vendor will make an announcement of the same to the SGX-ST and, if required, issue and lodge an amendment to this Prospectus or a supplementary document or replacement document pursuant to Section 240 or, as the case may be, Section 241 of the SFA and take immediate steps to comply with the said sections. Investors should take notice of such announcements and documents and upon release of such announcements or documents shall be deemed to have notice of such changes.

None of us, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any of our or their affiliates, directors, officers, employees, agents, representatives or advisers are making any representation or undertaking to any investors in the Shares regarding the legality of an investment by such investor under appropriate investment or similar laws. In addition, investors in the Shares should not construe the contents of this Prospectus or its appendices as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in the Shares for an indefinite period of time. Investors should consult their own professional advisers as to the legal, tax, business, financial and related aspects of an investment in the Shares.

Nothing in this Prospectus constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so. The Shares have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the United States and accordingly, they may not be offered or sold within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Shares are only being offered and sold outside the United States in offshore transactions as defined in, and in reliance on, Regulation S or pursuant to another exemption. For further details about restrictions on offers, sales and transfers of the Shares, see *"Plan of Distribution"*.

By applying for the Offering Shares on the terms and subject to the conditions in this Prospectus, each investor in the Offering Shares represents and warrants that, except as otherwise disclosed to the Sole Issue Manager, Bookrunner and Underwriter in writing, he is not (i) a director of our Company (a **"Director"**) or Substantial Shareholder (as defined herein) of our Company, (ii) an associate of any of the persons mentioned in (i), or (iii) a connected client of the Sole Issue Manager, Bookrunner and Underwriter or lead broker or distributor of the Offering Shares.

We and the Vendor are subject to the provisions of the SFA and the Listing Manual of the SGX-ST (the **"Listing Manual"**) regarding the contents of this Prospectus. In particular, if after this Prospectus is registered by the MAS but before the close of the Offering, we and the Vendor become aware of:

- (a) a false or misleading statement in this Prospectus;
- (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the SFA; or
- (c) a new circumstance that has arisen since this Prospectus was lodged with the MAS which would have been required by Section 243 of the SFA to be included in this Prospectus if it had arisen before this Prospectus was lodged,

and that is materially adverse from the point of view of an investor, we and the Vendor may lodge a supplementary or replacement document with the MAS pursuant to Section 241 of the SFA.



Where applications have been made under this Prospectus to subscribe for and/or purchase the Offering Shares prior to the lodgement of the supplementary or replacement document and the Offering Shares have not been issued and/or transferred to the applicants, we and the Vendor shall either, among others:

- (i) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement prospectus, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications and take all reasonable steps to make available within a reasonable period of time the supplementary or replacement prospectus, as the case may be, to the applicants if they have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement prospectus;
- (ii) within seven days from the date of lodgement of the supplementary or replacement document, provide the applicants with a copy of the supplementary or replacement document, as the case may be, and provide the applicants with an option to withdraw their applications; or
- (iii) treat the applications as withdrawn and cancelled and return all monies paid in respect of any applications received (without interest or any share of revenue or other benefit arising therefrom, at the applicant's own risk and without any right or claim against us, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter), to the applicants within seven days from the date of lodgement of the supplementary or replacement document.

Where applications have been made under this Prospectus to subscribe for and/or purchase the Offering Shares prior to the lodgement of the supplementary or replacement document and the Offering Shares have been issued and/or transferred to the applicants, we and the Vendor shall either, among others:

- (1) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement prospectus give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to return to our Company the Offering Shares which they do not wish to retain title in and take all reasonable steps to make available within a reasonable period of time the supplementary or replacement prospectus, as the case may be, to the applicants if they have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement prospectus;
- (2) within seven days from the date of lodgement of the supplementary or replacement document, provide the applicants with a copy of the supplementary or replacement document, as the case may be, and provide the applicants with an option to return to us and the Vendor, those Offering Shares that the applicants do not wish to retain title in; or
- (3) subject to compliance with the Companies Act and our Constitution, treat the issue and/or sale of the Offering Shares as void and return all monies paid in respect of any applications received (without interest or any share of revenue or other benefit arising therefrom, at the applicant's own risk and without any right or claim against us, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter), within seven days from the date of lodgement of the supplementary or replacement document.

Any applicant who wishes to exercise his option to withdraw his application or return the Offering Shares issued and/or sold to him (as the case may be) shall, within 14 days from the date of lodgement of the supplementary or replacement document, notify us and the Vendor and (in the case of a return of the Offering Shares, return all documents, if any, purporting to be evidence of title of those Offering Shares to us and the Vendor), whereupon we and the Vendor shall, within seven days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom, at the applicant's own risk and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter.

Under the SFA, the MAS may in certain circumstances issue a stop order (the "**Stop Order**") to us and the Vendor, directing that no Offering Shares or no further Shares be allotted, issued or sold. Such circumstances will include a situation where this Prospectus (i) contains a statement which, in the

opinion of the MAS, is false or misleading, (ii) omits any information that is required to be included in accordance with the SFA, or (iii) does not, in the opinion of the MAS, comply with the requirements of the SFA.

Where the MAS issues a Stop Order pursuant to Section 242 of the SFA, and:

- (A) in the case where the Offering Shares have not been issued and/or transferred to the applicants, the applications for the Offering Shares pursuant to the Offering shall be deemed to have been withdrawn and cancelled and we and the Vendor, shall, within 14 days from the date of the Stop Order, return to the applicants all monies paid by the applicants on account of their applications for the Offering Shares; or
- (B) in the case where the Offering Shares have been issued and/or transferred to the applicants, the issue and/or sale of the Offering Shares shall be deemed to be void and we and the Vendor shall, within seven days from the date of the Stop Order, return to the applicants all monies paid by the applicants on account of their applications for the Offering Shares.

Where monies paid in respect of applications received or accepted are to be returned to the applicants, such monies will be returned at the applicants' own risk, without interest or any share of revenue or other benefit arising therefrom, and the applicants will not have any claim against us, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter.

The distribution of this Prospectus and the offer, subscription, purchase, sale or transfer of the Shares may be restricted by law in certain jurisdictions. We, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter. This Prospectus does not constitute or form part of an offer or sale of, or a solicitation or invitation of any offer to purchase or subscribe for, any of the Shares in any jurisdiction in which such offer, sale, solicitation or invitation would be unlawful or unauthorised, nor does it constitute an offer or sale, or a solicitation or invitation to purchase or subscribe for, any of the Shares to any person whom it is unlawful to make such an offer, sale, solicitation or invitation. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

We and the Vendor are entitled to withdraw the Offering at any time before closing, subject to compliance with certain conditions set out in the Underwriting Agreement. We and the Vendor are making the Offering subject to the terms described in this Prospectus and the Underwriting Agreement.

APRH has granted the Sole Issue Manager, Bookrunner and Underwriter the Over-allotment Option exercisable by the Stabilising Manager (or any of its affiliates or other persons acting on its behalf), in full or in part, on one or more occasions, from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 9,750,000 Shares, representing approximately 19.9% of the total number of Offering Shares in the Offering, in undertaking stabilising actions, to purchase up to an aggregate of 9,750,000 Shares at the Offering Price, representing not more than 19.9% of the total number of Offering Shares, solely to cover the over-allotment of Shares (if any), subject to any applicable laws and regulations, including the SFA and any regulations thereunder. The exercise of the Over-allotment Option will not increase the total number of issued Shares immediately after the completion of the Offering.

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) may over-allot Shares or effect transactions that stabilise or maintain the market price of the Shares at levels that might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) will undertake any stabilisation action. Such transactions may commence on or after the Listing Date and, if commenced, may be discontinued at any time at the Stabilising Manager's sole discretion and must not be effected after the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its

behalf) has bought on the SGX-ST an aggregate of 9,750,000 Shares, representing approximately 19.9% of the total number of Offering Shares in the Offering, in undertaking stabilising actions.

Copies of this Prospectus, the Application Forms and envelopes may be obtained on request, subject to availability, during office hours from:

**DBS Bank Ltd.**  
12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

and where applicable, members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST's website at <http://www.sgx.com> and the MAS' OPERA website at <https://eservices.mas.gov.sg/opera/>.

## FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements which are statements that are not historical facts, including statements about our beliefs and expectations. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as “may”, “will”, “could”, “expect”, “anticipate”, “intend”, “plan”, “believe”, “seek”, “estimate”, “project” and similar terms and phrases. These statements include, among others, statements regarding our business strategy, future financial results of operations, and plans and objectives of our management for future operations. Forward-looking statements are, by their nature subject to substantial risks and uncertainties, and investors should not unduly rely on such statements.

Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, many of which are beyond our control, including:

- changes in laws and regulations in the jurisdictions in which our Group operates or has a presence in;
- the regulatory environment in the jurisdictions in which our Group operates or has a presence in;
- competition in the real estate brokerage industry in the jurisdictions in which our Group operates or has a presence in;
- the overall economic environment and general market and economic conditions in the jurisdictions in which our Group operates or has a presence in;
- the ability of our Group to execute our strategies;
- changes in the need for capital and the availability of financing and capital to fund these needs;
- the ability of our Group to anticipate and respond to changes in the real estate brokerage industry;
- the markets in which we operate or have a presence in, and customer demands, trends and preferences;
- man-made or natural disasters, including war, acts of international or domestic terrorism, civil disturbances, occurrences of catastrophic events and acts of God such as floods, earthquakes, typhoons and other adverse weather and natural conditions that affect the business or assets of our Group;
- the loss of key personnel of our Group and the inability to replace such personnel on a timely basis or on terms acceptable to our Group;
- legal, regulatory and other proceedings arising out of the operations of our Group;
- other factors beyond the control of our Group;
- other matters not yet known to our Group; and
- other factors discussed under “*Risk Factors*”.

Because of these factors, we caution you not to place undue reliance on any of our forward-looking statements. Forward-looking statements we make represent our judgment on the dates such statements are made. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. Save as required by all applicable laws of applicable jurisdictions, including the SFA, and/or the rules of the SGX-ST, we assume no obligation to update any information contained in this Prospectus or to publicly release the results of any revisions to any forward-looking statements to reflect events or circumstances that occur, or that we become aware of, after the date of this Prospectus.

## INDUSTRY AND MARKET DATA

This Prospectus includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information.

We have commissioned Cushman & Wakefield (S) Pte Ltd (the “**Independent Market Research Consultant**” or “**Cushman & Wakefield**”) to prepare a report (the “**Independent Market Research Report**”) on the real estate brokerage industry in Singapore for the purpose of inclusion in this Prospectus, including data (actual, estimated and forecast) relating to, among other things, demand and market share information. See “*Appendix C – Independent Market Report on the Residential Real Estate Brokerage Sector*” for more information.

While we believe that the third party information and data contained in this Prospectus are reliable, we cannot ensure the accuracy of the information or data, and we, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter and any of our or their affiliates or advisers have not independently verified this information or data or ascertained the underlying assumptions relied upon therein. Consequently, none of us, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any of our or their respective officers, agents, employees and advisers makes any representation as to the accuracy or completeness of such information and shall not be obliged to provide any updates on the same.



## CERTAIN DEFINED TERMS AND CONVENTIONS

In this Prospectus, references to “S\$” or “Singapore dollars” or “cents” are to the lawful currency of Singapore.

In this Prospectus, references to the “Latest Practicable Date” refer to 4 September 2017, which is the latest practicable date prior to the lodgement of this Prospectus with the MAS.

Any discrepancies in any tables, graphs or charts included in this Prospectus between the totals and the sums of the amounts listed are due to rounding.

The information on our website, any website directly or indirectly linked to our website or the websites of any of our related corporations or other entities in which we may have an interest, or any website, is not incorporated by reference into this Prospectus and should not be relied on.

In this Prospectus, references to “our Company” are to APAC Realty Limited and, unless the context otherwise requires, “we”, “us”, “our” and “our Group” refer to APAC Realty Limited and its subsidiaries taken as a whole. All references to “our Board” or “our Directors” are to the board of directors of APAC Realty Limited.

As described in “*Our History and Development – Key Milestones*”, in 2013, our Company was incorporated and acquired our subsidiaries from the previous holding company of our subsidiaries, hence becoming the holding company of our Group. Information and data in this document relating to our Group or any subsidiary prior to such acquisition in 2013 refers to when our subsidiaries were under the previous holding company.

In this Prospectus, references to “Shareholders” are to registered holders of the Shares, except where the registered holder is The Central Depository (Pte) Limited (“**CDP**”), the term “Shareholders” shall, in relation to such Shares, mean the Depositors (as defined in the SFA) whose Securities Accounts (as defined herein) with CDP are credited with Shares.

In this Prospectus, the definitions and explanation of terms found in this section and “*Defined Terms and Abbreviations*” apply throughout where the context so admits.

In addition, unless we indicate otherwise, all information in this Prospectus assumes (i) that the Over-allotment Option is not exercised, and (ii) that no Offering Shares have been re-allocated between the Placement and the Public Offering.

Any reference to dates or times of day in this document, the Application Forms and, in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs (as defined herein) or the relevant pages of the internet banking websites of the relevant Participating Banks (as defined herein) or the mobile banking interface of DBS Bank Ltd., are to Singapore dates and times unless otherwise stated.

Any reference in this document, the Application Forms and, in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs or the relevant pages of the internet banking websites of the relevant Participating Banks or the mobile banking interface of DBS Bank Ltd., to any statute or enactment is to that statute or enactment as amended or re-enacted.

## CORPORATE INFORMATION

<b>Company</b>	APAC Realty Limited
<b>Directors</b>	Mr. Stewart Yen Se-Hua (Non-Executive Chairman and Independent Director) Mr. Jack Chua (Executive Director and Chief Executive Officer) Mr. Tan Choon Hong (Non-Executive Director) Mr. Tommy Teo Zhi Zhuang (Non-Executive Director) Mr. Tan Bong Lin (Non-Executive Independent Director) Mr. Hee Theng Fong (Non-Executive Independent Director)
<b>Company Secretary</b>	Ms. Ngiam May Ling, LLB (Hons)
<b>Registered Office and Principal Place of Business</b>	229 Mountbatten Road #03-01 Mountbatten Square Singapore 398007
<b>Company Registration Number</b>	201319080C
<b>Vendor</b>	Asia Pacific Realty Holdings Ltd c/o Maples Corporate Services Limited PO Box 309, Ugland House Grand Cayman KY1-1104 Cayman Islands
<b>Sole Issue Manager, Bookrunner and Underwriter</b>	DBS Bank Ltd. 12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982
<b>Share Registrar</b>	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
<b>Legal Advisers to our Company as to Singapore law</b>	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
<b>Legal Advisers to the Vendor as to Singapore law</b>	Allen & Overy LLP 50 Collyer Quay #09-01 OUE Bayfront Singapore 049321
<b>Legal Advisers to the Sole Issue Manager, Bookrunner and Underwriter as to Singapore law</b>	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982

**Independent Auditors and Reporting Accountants**

Ernst & Young LLP  
Public Accountants and Chartered Accountants  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583  
Partner-in-charge: Mr. Alvin Phua Chun Yen, Chartered Accountant

**Independent Market Research Consultant**

Cushman & Wakefield (S) Pte Ltd  
3 Church Street  
#09-03 Samsung Hub  
Singapore 049483

**Principal Banker**

DBS Bank Ltd.  
12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

**Receiving Bank**

DBS Bank Ltd.  
12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

## OFFERING SUMMARY

*You should read the following summary together with the more detailed information regarding us and the Offering Shares being sold in the Offering, including our financial statements and related notes appearing elsewhere in this Prospectus. You should carefully consider, among other things, the matters discussed in “Risk Factors”.*

### OVERVIEW

We are a leading real estate services provider which operates a market-leading real estate brokerage in Singapore under the ERA brand.

We operate in three main segments:

#### Real estate brokerage services

Our real estate brokerage services are operated by our 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 6,223 salespersons (termed as agents or associates) registered with the industry’s regulator, the Council for Estate Agencies (the “**CEA**”), as at 31 March 2017. We believe that ERA Realty is the industry pioneer with a solid track record of 35 years of growth, innovative contributions and service excellence in Singapore.

#### Franchise arrangements

We hold the exclusive ERA regional master franchise rights for certain countries in the Asia-Pacific region, acquired from Realogy Group LLC (“**Realogy**”) pursuant to the Regional MFA (as defined herein). The countries covered under the Regional MFA are Australia, Brunei, Cambodia, China (including Hong Kong and Macau), Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, Korea, the Philippines, Papua New Guinea, Singapore, Taiwan, Thailand and Vietnam (the “**Territories**”). Realogy is a leader in residential real estate office franchising and brokerage, with many well-known brands such as CENTURY 21®, Coldwell Banker®, Coldwell Banker Commercial®, ERA®, Sotheby’s International Realty® and Better Homes and Gardens Real Estate®.

We have licensed the ERA brand and the use of certain ERA Marks (as defined herein) to sub-franchisees in Japan, Korea, Taiwan, Thailand, Malaysia, Vietnam and Indonesia, and also to our subsidiary ERA Singapore Pte Ltd (“**ERA Singapore**”) in Singapore. Our sub-franchisees are the ERA master franchisors for their territory and may in such capacity appoint sub-franchisees and ERA Member Brokers. ERA Singapore, as the ERA master franchisor for Singapore, has appointed ERA Realty as an ERA Member Broker.

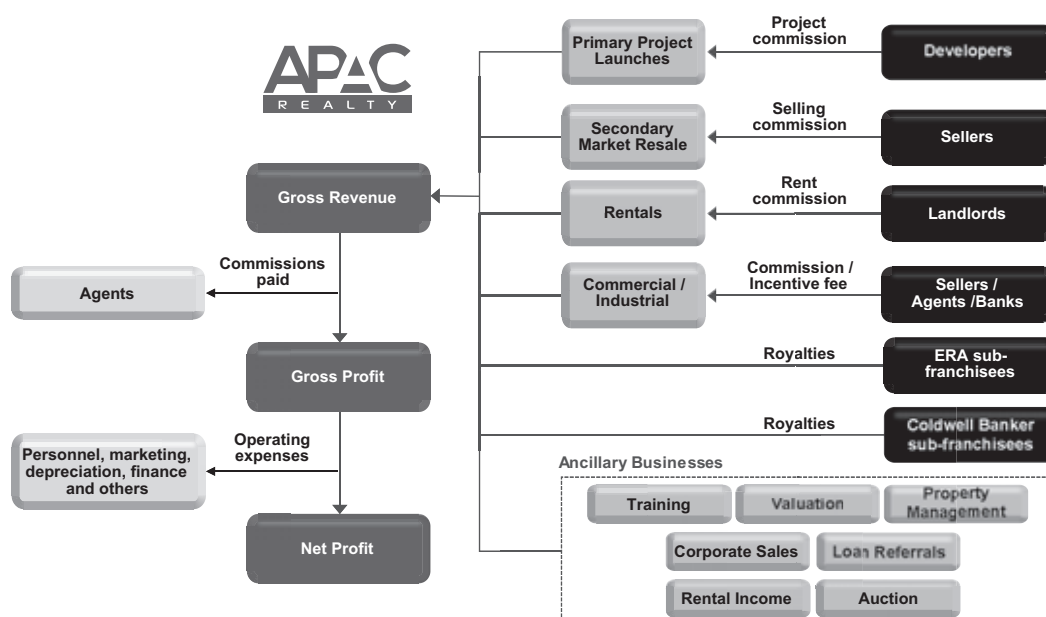
We hold the ERA regional master franchise from Realogy for an initial term of 30 years, which expires in 2029, and is renewable for further terms of 30 years each subject to certain conditions. Our ERA sub-franchisees have been granted licences for an initial term of approximately 25 to 30 years. See “*Business – Our Services – Franchise Arrangements*” for further details.

We also hold 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 March 2017, through our wholly-owned subsidiary Coldwell Banker Real Estate (S) Pte Ltd (“**Coldwell Banker Singapore**”), we have 21 Coldwell Banker Member Brokers in Singapore which collectively have over 100 agents registered with them.

#### Training, valuation and other ancillary services

Our 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 (“**CPD**”) regulations. RIA is an Approved Course Provider appointed by the CEA. 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.

The chart below summarises our business model:



See “Business” for further information on our business.

## OUR COMPETITIVE STRENGTHS

We believe that our position as one of the largest real estate brokerage agencies in Singapore is based on the following competitive strengths:

- (a) we hold the exclusive ERA regional master franchise rights for the Territories in the Asia-Pacific region and are a member of the ERA global franchise network;
  - (b) we are focused on the real estate brokerage market in Singapore which has a deep and attractive residential real estate market;
  - (c) we have one of the largest agent networks in Singapore;
  - (d) we have built a resilient business model; and
  - (e) we have an experienced management team with vast experience in the real estate brokerage sector.
- (a) **We hold the exclusive ERA regional master franchise rights for the Territories in the Asia-Pacific region and are a member of the ERA global franchise network**

In 2016, our subsidiary, ERA Realty, was the largest ERA Member Broker globally by number of transactions and one of the largest ERA Member Brokers globally by transaction value. ERA Realty was also named as the Top Member Broker by Realogy in the same year.

As a member of the ERA global franchise network, we offer real estate brokerage and other services under the ERA System (as defined herein), which consists of a full range of products, services, formats, system methods, specifications, standards and procedures developed by Realogy and made available to ERA Member Brokers.

Over the last 35 years, since the commencement of our brokerage business in February 1982, we have built our business by leveraging on the ERA System to establish our presence in Singapore and have, over time, adapted our business model to cater to the unique attributes of the Singapore



residential property market. Our agents can also tap on the network of other ERA Member Brokers globally to reach out to overseas customers. Internationally, the ERA global franchise network under Realogy comprises approximately 36,300 agents in over 2,339 offices across 31 countries as at the Latest Practicable Date.

**(b) We are focused on the real estate brokerage market in Singapore which has a deep and attractive residential real estate market**

Our business is focused on Singapore, which contributed 99.9% of our revenue in FY2016. According to Cushman & Wakefield, Singapore has a deep and liquid real estate market. Singapore is the sixth largest real estate investment destination in the Asia-Pacific region, after China, Australia, Japan, Hong Kong and South Korea.<sup>1</sup> Singapore's residential real estate transaction value and volume in 2016 was S\$45.8 billion<sup>2</sup> and 159,958 units<sup>3</sup> respectively. According to Cushman & Wakefield, the Singapore private residential real estate market is largely supported by local buyers and benefits from one of the highest resident home ownership rates in the world at above 90.0%.

Furthermore, according to Cushman & Wakefield, low interest rates and strong demand continue to drive prices up in most Asian markets. With the moderation in prices over the last four years, foreign investors who also contribute to demand are returning to Singapore's private residential market to capitalise on the potential upside in prices.

<sup>1</sup> Information obtained from Real Capital Analytics Database, data accessed on 28 April 2017. Real Capital Analytics has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

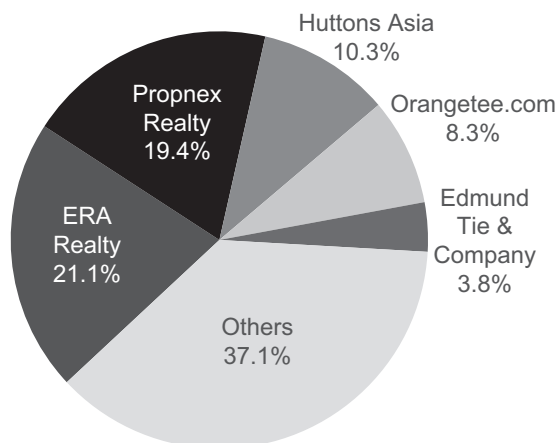
<sup>2</sup> Comprises transaction value of private primary and secondary residential sales and leasing, and HDB resale transactions. Information on value of private residential units transacted was obtained from URA Real Estate Information System (REALIS), data accessed on 28 April 2017. Information on value of HDB units transacted was obtained from HDB Resale Statistics, found in ([www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics](http://www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics)) as extracted on 28 April 2017. Each of the Urban Redevelopment Authority (URA) and the Housing and Development Board (HDB) has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>3</sup> Comprises transaction volume of private primary and secondary residential sales and leasing, and HDB resale and leasing transactions. Information on number of private residential units transacted was obtained from URA REALIS, data accessed on 28 April 2017. Information on number of HDB units transacted was obtained from HDB Resale Statistics, found in ([www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics](http://www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics)) as extracted on 28 April 2017. Information on number of HDB units leased was obtained from HDB Rental Statistics, found in (<http://www.hdb.gov.sg/cs/infoweb/residential/renting-a-flat/renting-from-the-open-market/rental-statistics>) as extracted on 28 April 2017. Each of the URA and the HDB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

**(c) We have one of the largest agent networks in Singapore**

We have one of the largest registered real estate agent networks in Singapore with 6,223 agents as at 31 March 2017, according to Cushman & Wakefield. The following charts show our agent share in Singapore as at March 2017 and the number of agents for ERA Realty and Singapore from January 2012 to March 2017:

**Agent Share in Singapore (as at March 2017)<sup>4</sup>**

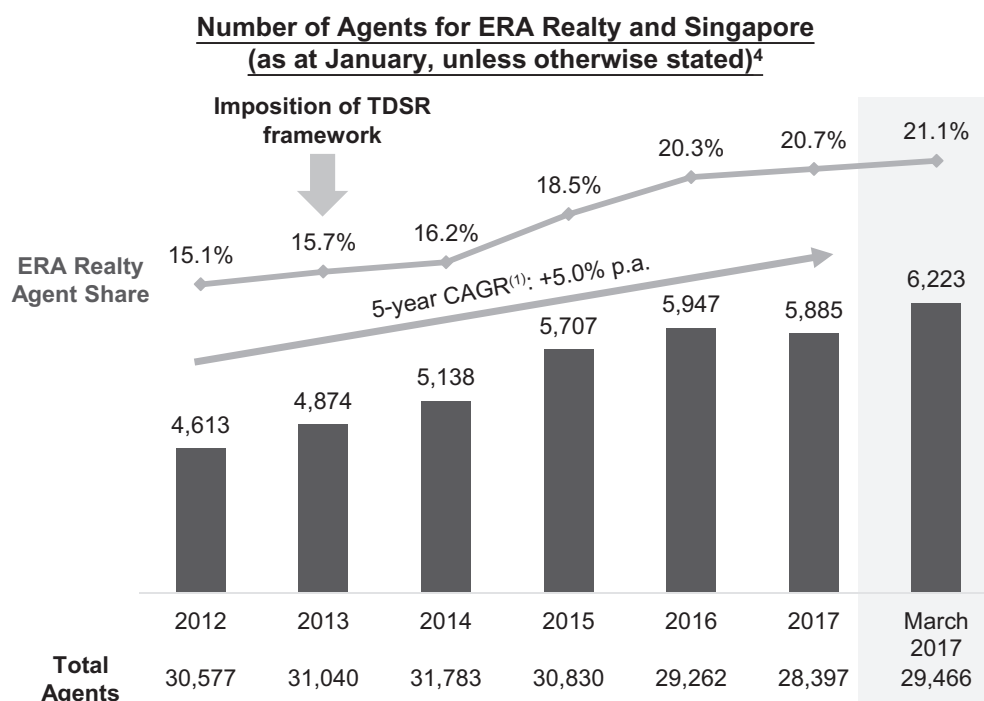


**Note:** On 12 June 2017, PropNex Realty announced that it would merge with Dennis Wee Group. Following the merger, the number of agents registered with PropNex Realty and ERA Realty was 6,688 and 6,176 respectively as at 10 July 2017. In addition, on 28 August 2017, Orangetee.com and Edmund Tie & Company announced the launch of OrangeTee & Tie, which is a joint venture between their respective associate agency divisions. The combined entity is expected to have more than 4,000 agents registered with them.<sup>5</sup>

Source: Independent Market Research Report

<sup>4</sup> Information obtained from CEA public register, found in ([www.cea.gov.sg/public-register](http://www.cea.gov.sg/public-register)) as extracted on 28 July 2017. CEA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>5</sup> Source: Lee Meixian. "Singapore property agencies OrangeTee, Edmund Tie & Co form joint venture" The Business Times, 28 August 2017. Each of Lee Meixian and The Business Times has not provided her or its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to her or it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.



**Note:**

(1) 5-year CAGR from January 2012 to January 2017

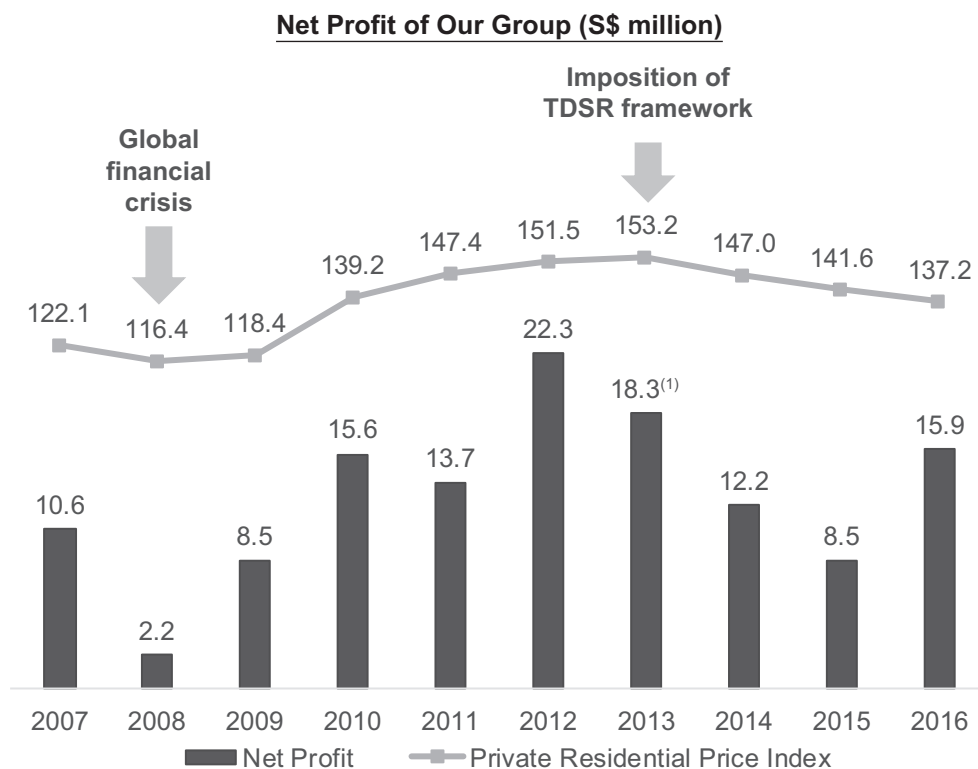
Source: Independent Market Research Report

Our success in retaining and recruiting agents is evidenced by the fact that ERA Realty's agent network has increased steadily at a 5-year CAGR of 5.0% per annum from January 2012 to January 2017. We believe our ability to attract and retain agents is attributed to the following factors that position us as the market-leading real estate brokerage in Singapore:

- (i) we have an established track record and strong brand recognition in Singapore;
- (ii) we provide our agents with comprehensive training, career development and leadership programmes;
- (iii) through our strong relationship with developers, we offer our agents a high quality pipeline of new project launches which can be a high volume source of commission;
- (iv) we provide our agents with innovative technological tools to equip them with the latest and most relevant marketing and real estate market information; and
- (v) through being a member of the ERA global franchise network, we offer a worldwide referral network where our agents can reach out to buyers who are based overseas (see "*Business – Our Competitive Strengths – We hold the exclusive ERA regional master franchise rights for the Territories in the Asia-Pacific region and are a member of the ERA global franchise network*").

**(d) We have built a resilient business model**

We believe that we have built a resilient business model which allows us to withstand the cyclical nature of the property market as we have (i) a robust operating expense structure, (ii) a brokerage business that is diversified across all property segments, and (iii) other non-brokerage businesses. This is reflected in our ability to maintain a consistent track record of profitability even across property market down cycles.



**Note:**

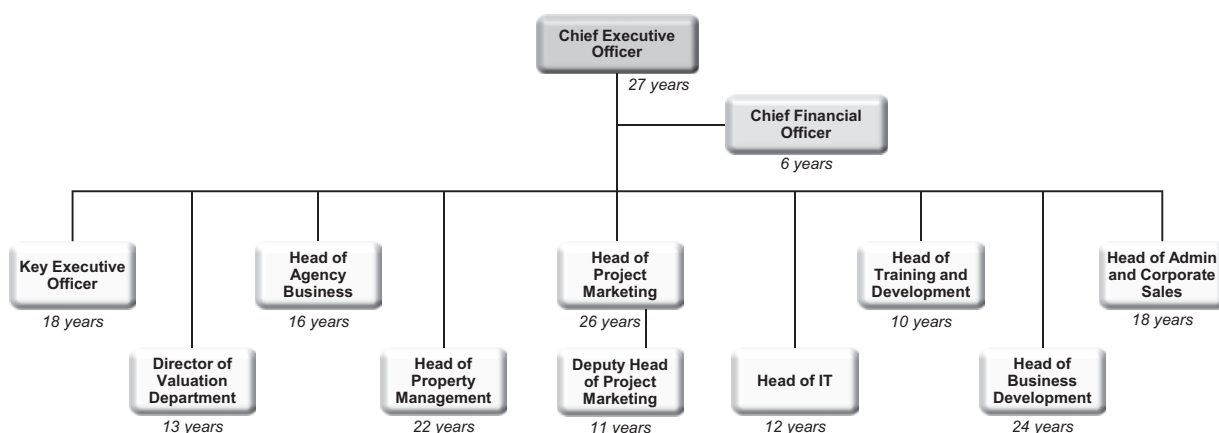
- (1) Excludes expenses related to the acquisition of our subsidiaries from Hersing. As described in “*Our History and Development – Key Milestones*”, our Company was incorporated in 2013 and acquired our subsidiaries from Hersing and hence became the holding company of our Group. Net profit from 2007 to 2013 is calculated based on a summation of the net profits of such subsidiaries for each of the respective financial years.

**(e) We have an experienced management team with vast experience in the real estate brokerage sector**

Our Executive Officers have an average of approximately 20 years of experience in the real estate industry. See “*Management – Executive Officers*”. Mr. Jack Chua joined our Group in 1990 (under the previous holding company of our subsidiaries) and was the President of our Group before being appointed as Chief Executive Officer in 2013.

In addition to our Executive Officers, we are supported by a senior management team. Our Executive Officers and senior management team have an average of approximately 17 years of experience with our Group<sup>6</sup>. Their number of years with our Group<sup>6</sup> is shown below.

### **Organisation Chart and Number of Years with our Group<sup>6</sup>**



## **STRATEGIES**

### **Strengthen and expand our presence in Singapore**

We intend to strengthen and expand our presence in Singapore to further benefit from the recovery of the Singapore residential property market through establishing a centralised business centre. From time to time, we may also explore opportunities to increase our agent network in Singapore through recruiting individual agents and/or acquiring agent networks.

### **Expand our range of services and geographical presence in the Asia-Pacific region**

We intend to grow our business by (a) expanding our range of real estate-related services and (b) expanding our geographical presence in the Asia-Pacific region.

#### **(a) *Expand our range of real estate-related services***

Given the competitive margins of our brokerage business, we intend to further diversify our business into other real estate-related services that offer higher margins, while maintaining our focus on our brokerage business. In addition, as our residential real estate brokerage business is cyclical in nature, increasing our exposure to other sources of income such as training, valuation, property management, commercial and industrial leasing, purchasing, auction, research and facilities management would contribute to greater stability in our cash flows and improved profitability.

#### **(b) *Expand our geographical presence in the Asia-Pacific region***

We intend to expand and deepen our presence in key markets in the Asia-Pacific region (in particular the Territories) either by setting up a brokerage office, entering into sub-franchise arrangements with local operators or acquiring an existing agent network (subject to any applicable non-compete restrictions). This would allow us to develop an additional source of income, create synergies with our Singapore operations and diversify our exposure to the Singapore residential property market.

### **Enhance our technological capabilities**

We place a strong emphasis on enhancing agent productivity. We currently offer various tools such as mobile applications (i-ERA, ERA SG Projects), a website (ERA.com.sg), a customer relationship and management system (24/7 PropWatch) and an internal portal (MyERA) which we have developed for our agents to facilitate the execution of real estate transactions.

<sup>6</sup> Including under the previous holding company of our subsidiaries



We intend to continue to enhance our technological capabilities, create and/or acquire new tools to increase our business efficiency and offer better levels of service to our customers and agents, including through investments and/or partnerships with third parties.

#### **COMPANY BACKGROUND**

Our Company was incorporated in Singapore on 15 July 2013 under the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) as a private company limited by shares under the name of Realty Partners Group Pte. Ltd. On 2 May 2017, our Company changed its name to APAC Realty Pte. Ltd. On 5 September 2017, our Company was converted into a public company limited by shares and changed its name to APAC Realty Limited.

Our telephone number is +65 6226 2000 and our facsimile number is +65 6220 0066. Our website address is <http://www.apacrealty.com.sg>.

## THE OFFERING

<b>Our Company</b> .....	APAC Realty Limited, a company incorporated under the laws of Singapore.
<b>The Vendor</b> .....	Asia Pacific Realty Holdings Ltd, a company incorporated under the laws of the Cayman Islands and controlled by Mr. Tan Choon Hong.
<b>Offering</b> .....	48,914,200 Offering Shares (subject to the Over-allotment Option) offered under the Placement and the Public Offering, comprising 4,796,500 New Shares and 44,117,700 Vendor Shares. The completion of the Placement and the Public Offering are each conditional upon the completion of the other.
<b>Placement</b> .....	44,503,200 Offering Shares are being offered by way of an international placement to investors at the Offering Price, including institutional and other investors in Singapore and outside the United States in reliance on Regulation S. The Placement will, subject to certain conditions, be underwritten by the Sole Issue Manager, Bookrunner and Underwriter.
<b>Public Offering</b> .....	4,411,000 Offering Shares are being offered at the Offering Price by way of a public offer in Singapore. The Public Offering will, subject to certain conditions, be underwritten by the Sole Issue Manager, Bookrunner and Underwriter.
<b>Cornerstone Investors</b> .....	At the same time as but separate from the Offering, each of the Cornerstone Investors has entered into a Cornerstone Subscription Agreement with our Company to subscribe for an aggregate of 39,321,200 Shares at the Offering Price, conditional upon, among others, the Underwriting Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date.
<b>Clawback and Re-allocation</b> .....	The Offering Shares may be re-allocated between the Placement and the Public Offering, at the discretion of the Sole Issue Manager, Bookrunner and Underwriter (in consultation with us and the Vendor), subject to any applicable laws.
<b>Offering Price</b> .....	S\$0.66 per Share.
<b>Application Procedures for the Public Offering</b> .....	Investors applying for Public Offer Shares must follow the application procedures set out in “ <i>Appendix F – Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore</i> ”. Applications must be paid for in Singapore dollars. No fee is payable by applicants for the Public Offer Shares, save for an administration fee of S\$2.00 for each application made through ATMs, the internet banking websites of the Participating Banks and the mobile banking interface of DBS Bank Ltd. The minimum initial application is for 1,000 Offering Shares. An applicant may apply for a larger number of Offering Shares in integral multiples of 100 Offering Shares.
<b>Use of Proceeds</b> .....	<p>We intend to use the net proceeds due to us from the Offering and the issue of the Cornerstone Shares primarily for:</p> <ul style="list-style-type: none"> <li>• strengthening and expanding our presence in Singapore;</li> <li>• expanding our range of services and geographical presence in the Asia-Pacific region;</li> </ul>

- enhancing our technological capabilities; and
- general corporate and working capital purposes.

For a complete description of the application of the proceeds due to us, see “*Use of Proceeds*”.

We will not receive any of the proceeds from the sale of the Vendor Shares by the Vendor, nor will we receive any proceeds from the exercise of the Over-allotment Option granted by the Vendor.

**Over-allotment Option** ..... In connection with the Offering, APRH has granted the Sole Issue Manager, Bookrunner and Underwriter the Over-allotment Option exercisable by the Stabilising Manager (or its affiliates or other persons acting on its behalf), in full or in part, on one or more occasions, from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 9,750,000 Shares, representing approximately 19.9% of the total number of Offering Shares in the Offering, in undertaking stabilisation actions, to purchase up to an aggregate of 9,750,000 Shares at the Offering Price, representing not more than 19.9% of the total number of Offering Shares, solely to cover the over-allotment of Shares (if any), subject to any applicable laws and regulations, including the SFA and any regulations thereunder. The exercise of the Over-allotment Option will not increase the total number of issued Shares immediately after the completion of the Offering.

**Lock-ups**..... We have agreed with the Sole Issue Manager, Bookrunner and Underwriter that, we will not, from the date of the Underwriting Agreement until the date falling six months after the Listing Date (both dates inclusive), without the consent of the Sole Issue Manager, Bookrunner and Underwriter, directly or indirectly, (i) allot, offer, issue, sell, contract to issue, grant any option, warrant or other right to subscribe or purchase, grant security over, encumber (whether by way of mortgage, assignment of rights, charge, pledge, pre-emption rights, rights of first refusal or otherwise), or otherwise dispose of or transfer, any Shares or any other securities of our Company or any subsidiary of our Company (including any equity-linked securities, perpetual securities and any securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase such Shares or any other securities of our Company or any subsidiary of our Company), whether such transaction is to be settled by delivery of Shares or other securities of our Company or subsidiary of our Company, or in cash or otherwise; (ii) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or any securities of our Company or any subsidiary of our Company, or any interest in any of the foregoing (including any securities convertible into or exercisable or exchangeable for, or which carry rights to subscribe for or purchase any Shares or any other securities of our Company or any subsidiary of our Company), whether such transaction is be settled by delivery of Shares or other securities of our Company or subsidiary of our

Company, or in cash or otherwise; (iii) deposit any Shares or any other securities of our Company or any subsidiary of our Company (including any securities convertible into or exercisable or exchangeable for, or which carry rights to subscribe for or purchase any Shares or any other securities of our Company or any subsidiary of our Company) in any depository receipt facilities (other than in a CDP designated moratorium account for the purposes of complying with these restrictions); (iv) enter into any transaction which is designed or which may reasonably be expected to result in any of the above; or (v) announce or publicly disclose any intention to do any of the above, provided, however, that the foregoing restrictions shall not apply in respect of the Offering Shares and the Cornerstone Shares.

Our Controlling Shareholders (as defined herein) APRH, PGA Realty Partners Ltd (“**PGA Realty**”) and Mr. Tan Choon Hong, as well as Mr. Foong Cheng Keong and Ms. Tan Boon Ngee, who are our senior agents, have each agreed to lock-up arrangements with the Sole Issue Manager, Bookrunner and Underwriter.

The Cornerstone Investors are not subject to any lock-up restrictions in respect of their shareholdings.

See “*Plan of Distribution – No Sale of Similar Securities and Lock-up*” for further information on the lock-up arrangements.

**Price Stabilisation** ..... In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) may over-allot Shares or effect transactions that stabilise or maintain the market price of the Shares at levels that might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) will undertake any stabilisation action.

Such transactions may commence on or after the Listing Date and, if commenced, may be discontinued at any time at the Stabilising Manager’s sole discretion and must not be effected after the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 9,750,000 Shares, representing approximately 19.9% of the total number of Offering Shares in the Offering, in undertaking stabilising actions.

See “*Plan of Distribution – Price Stabilisation*”.

**Dividends** ..... Our Company currently does not have a fixed dividend policy. However, our Board intends to recommend and distribute dividends of at least 50% of our net profit after tax (excluding exceptional items) for the period from the Listing Date to 31 December 2017 and for FY2018, as we wish to reward our Shareholders for participating in our Group’s growth. Investors should note that the foregoing statements are merely statements of our present intention and shall not constitute

legally binding obligations on our Company or legally binding statements in respect of our future dividends (including those proposed for the period from the Listing Date to 31 December 2017 and for FY2018), which may be subject to modification (including reduction or non-declaration thereof) in our Directors' sole and absolute discretion. Investors should also not treat the proposed dividends for the period from the Listing Date to 31 December 2017 and for FY2018 as an indication of our future dividend policy. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends. See "*Dividends*".

**Listing and Trading** ..... Prior to the Offering, there was no public market for the Shares. An application has been made to the SGX-ST for permission to list all our issued Shares (including the Additional Shares), the Offering Shares and the Cornerstone Shares on the Mainboard of the SGX-ST. Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among others, permission being granted by the SGX-ST to deal in and for quotation of all our issued Shares, the Offering Shares and the Cornerstone Shares.

The Shares are expected to commence trading on a "ready" basis at 9.00 a.m. on 28 September 2017 (Singapore time). See "*– Indicative Timetable*".

The Shares will, upon their listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry (scripless) settlement system of CDP. Dealing in and quotation of the Shares will be in Singapore dollars. The Shares will be traded in board lots of 100 Shares.

**Risk Factors** ..... You should carefully consider certain risks connected with an investment in the Shares, as discussed in "*Risk Factors*".

You should note in particular that there are risks relating to our franchise agreements, including in relation to certain restrictive provisions to which we are subject under our franchise agreements, such as non-compete restrictions under the Regional MFA, the Singapore MFA and the Coldwell Banker MFA (each as defined herein) as described in "*Risk Factors – Risks Relating to our Business and Operations – The ERA brand is very important to our business and success, and we are subject to certain restrictive provisions under our franchise agreements*" and "*Business – Our Services – Franchise Arrangements*".

Further, under the Regional MFA and the Coldwell Banker MFA, the dilution of APRH's ownership of the Shares, PGA Realty's ownership of the Class A voting shares of APRH or Mr. Tan Choon Hong's ownership of the shares of PGA Realty to below 51.0% (subject to an exception) will require the prior written consent of Realogy. Any such dilution without the prior written consent of Realogy would constitute a default of a material obligation of the Regional MFA and the Coldwell Banker MFA and a termination event. In connection with the foregoing, each of Mr. Tan Choon Hong, PGA Realty and APRH has provided the MFA Consent Undertakings (as



defined herein) to our Company. Please refer to “*Risk Factors – Risks Relating to our Business and Operations – The ERA brand is very important to our business and success, and we are subject to certain restrictive provisions under our franchise agreements*”, “*Risk Factors – Risks Relating to Ownership of the Shares – Upon completion of the Offering and the issue of the Cornerstone Shares, our Controlling Shareholders will continue to own a significant number of the Shares*”, “*Risk Factors – Risks Relating to Ownership of the Shares – Singapore take-over laws contain provisions which may vary from those in other jurisdictions*” and “*Business – Our Services – Franchise Arrangements – Regional MFA – Consent of Realogy and MFA Consent Undertakings*” for further details.

## INDICATIVE TIMETABLE

An indicative timetable for trading in the Shares is set forth below for the reference of applicants for the Offering Shares:

Date and time (Singapore)	Event
21 September 2017, 9.00 p.m. ....	Opening date and time for the Public Offering in Singapore.
26 September 2017, 12.00 noon ....	Closing date and time for the Public Offering.
27 September 2017 .....	Balloting of applications in the Public Offering, if necessary (in the event of an over-subscription for the Public Offer Shares). Commence returning or refunding of application monies to unsuccessful or partially successful applicants, if necessary.
28 September 2017, 9.00 a.m. ....	Commence trading on a “ready” basis.
3 October 2017 .....	Settlement date for all trades done on a “ready” basis.

The above timetable is indicative only and is subject to change at our and the Vendor’s discretion, with the agreement of the Sole Issue Manager, Bookrunner and Underwriter. It assumes: (i) that the closing of the Public Offering is on 26 September 2017, (ii) that the Listing Date is on 28 September 2017, (iii) compliance with the SGX-ST’s shareholding spread requirement, and (iv) the New Shares will be issued and fully paid up prior to 28 September 2017. All dates and times referred to above are Singapore dates and times. The above timetable and procedures may also be subject to such modifications as the SGX-ST may in its discretion decide, including the Listing Date. The commencement of trading on a “ready” basis will be entirely at the discretion of the SGX-ST. All persons trading in the Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, as the case may be, have been allotted or are otherwise beneficially entitled to.

We and the Vendor, may at our discretion, with the agreement of the Sole Issue Manager, Bookrunner and Underwriter and subject to all applicable laws and regulations and the rules of the SGX-ST, agree to extend or shorten the period during which the Offering is open, provided that the Public Offering may not be less than two Market Days (as defined herein).

In the event of the extension or shortening of the time period during which the Offering is open, we will publicly announce the same:

- (a) through a SGXNET announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>; and/or
- (b) in one or more major Singapore newspapers such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

Investors should consult the SGX-ST announcement on the “ready” listing date on the internet at the SGX-ST website, or the newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.

We and the Vendor will provide details of and the results of the Public Offering through SGXNET and/or in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

We and the Vendor reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Offering Shares, without assigning any reason therefor, and no enquiry and/or correspondence on our and the Vendor’s decision will be entertained. In deciding the basis of allocation, due consideration will be given to the desirability of allocating the Offering Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

In respect of an application made under the Public Offering, where any such application is rejected, the full amount of the application monies will be refunded (without interest or any share of revenue or other

benefit arising therefrom) to the applicant, at his own risk, within 24 hours after the balloting of applications (provided that such refunds are made in accordance with the procedures set forth in “Appendix F – Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore”).

In respect of an application made under the Public Offering, where any such application is accepted in full or in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom, and the applicant will not have any claims against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter) to the applicant, at his own risk, within 14 Market Days after the close of the Public Offering (provided that such refunds are made in accordance with the procedures set forth in “Appendix F – Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore”).

Where the Offering does not proceed for any reason, the full amount of application monies received pursuant to an application made under the Public Offering (without interest or any share of revenue or other benefit arising therefrom) will be returned to the applicants, at their own risk, within three Market Days after the Public Offering is discontinued (provided that such refunds are made in accordance with the procedures set forth in “Appendix F – Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares in Singapore”).

The manner and method of applications and acceptances under the Placement will be determined by us, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter.

## SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following summary consolidated financial data should be read in conjunction with “Management’s Discussion and Analysis of Results of Operations and Financial Position”, our audited consolidated financial statements for FY2014, FY2015 and FY2016, our unaudited interim consolidated financial statements for 1Q2016 and 1Q2017, the accompanying notes and the related auditor’s reports included elsewhere in this Prospectus.

### SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	FY2014	FY2015	FY2016	1Q2016	1Q2017
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
<b>Revenue</b>	213,274	229,529	284,368	55,058	65,947
Other revenue	4,917	3,057	3,381	1,074	1,218
<b>Total revenue</b>	218,191	232,586	287,749	56,132	67,165
<b>Costs and expenses</b>					
Cost of services	183,363	201,331	247,894	48,593	56,996
Personnel cost	8,657	9,666	10,807	2,446	2,603
Marketing and promotion expenses	709	884	1,252	424	181
Depreciation of plant and equipment	348	641	692	178	127
Amortisation of intangible assets	932	932	932	233	233
Impairment loss on goodwill	582	—	—	—	—
Allowance for doubtful debts provided/(written back)					
- trade	2,107	1,493	1,101	389	1,088
- non-trade	13	(7)	(5)	—	—
Other operating expenses	5,672	6,152	5,875	1,265	1,043
Finance costs	1,117	1,167	1,122	397	141
	203,500	222,259	269,670	53,925	62,412
<b>Profit before tax</b>	14,691	10,327	18,079	2,207	4,753
Income tax expense	(2,450)	(1,841)	(2,197)	(281)	(722)
<b>Profit for the year/period</b>	12,241	8,486	15,882	1,926	4,031
<b>Earnings per Share (cents)</b>					
Basic and diluted <sup>(1)</sup>	3.94	2.73	5.11	0.62	1.30
Adjusted <sup>(2)</sup>	3.45	2.39	4.47	0.54	1.13

#### Notes:

- (1) For comparative purposes, the basic and diluted earnings per Share have been computed based on our share capital of 311,080,000 Shares (after adjusting for the Share Split (as defined herein)) prior to the completion of the Offering and the issue of the Cornerstone Shares.

The increase in basic and diluted earnings per Share from 2.73 cents in FY2015 to 5.11 cents in FY2016 was mainly due to the increase in brokerage income from the resale and rental of properties due to higher resale market transactions and higher rental market transactions in Singapore and the increase in brokerage income from new home sales due to higher sales of private residential properties and executive condominiums in Singapore, as described in “Management’s Discussion and Analysis of Results of Operations and Financial Position – Review of Past Operating Performance – FY2015 vs FY2016”.

- (2) For comparative purposes, the adjusted earnings per Share have been computed based on our share capital of 355,197,700 Shares (after adjusting for the Share Split) immediately after the completion of the Offering and the issue of the Cornerstone Shares.

## SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December			As at 31 March
	2014	2015	2016	2017
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
	(audited)	(audited)	(audited)	(unaudited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment	1,075	2,142	1,436	1,370
Intangible assets	103,185	102,253	101,320	101,087
Fixed deposits	100	400	400	400
	104,360	104,795	103,156	102,857
<b>Current assets</b>				
Trade receivables	25,811	33,603	47,808	49,103
Other receivables	1,463	1,080	1,333	1,411
Amount due from a related party	—	16	24	32
Prepaid operating expenses	347	940	270	272
Cash and bank balances	18,196	14,216	17,747	10,126
	45,817	49,855	67,182	60,944
<b>Total assets</b>	150,177	154,650	170,338	163,801
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables and accruals	35,050	38,995	55,643	53,925
Other payables	3,995	5,443	6,967	6,229
Deferred income	1,358	1,696	1,728	1,298
Loan and borrowing	500	6,000	6,000	6,000
Provision for taxation	4,163	3,382	4,451	4,809
	45,066	55,516	74,789	72,261
<b>Net current assets/(liabilities)</b>	751	(5,661)	(7,607)	(11,317)
<b>Non-current liabilities</b>				
Loan and borrowing	20,500	31,000	12,000	4,000
Deferred taxation	5,113	5,138	4,672	4,632
	25,613	36,138	16,672	8,632
<b>Total liabilities</b>	70,679	91,654	91,461	80,893
<b>Net assets</b>	79,498	62,996	78,877	82,908
<b>Equity attributable to equity holder of our Company</b>				
Share capital	70,700	70,700	70,700	70,700
Other reserves	8,798	(7,704)	8,177	12,208
<b>Total equity</b>	79,498	62,996	78,877	82,908

# SUMMARY CONSOLIDATED STATEMENT OF CASH FLOW

	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>1Q2016</b>	<b>1Q2017</b>
	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Net cash generated from operating activities	18,246	7,116	22,672	2,215	440
Net cash used in investing activities	(721)	(2,096)	(141)	(14)	(61)
Net cash used in financing activities	(13,500)	(9,000)	(19,000)	(6,300)	(8,000)
Net increase/(decrease) in cash and cash equivalents	4,025	(3,980)	3,531	(4,099)	(7,621)
<b>Cash and cash equivalents at beginning of year/period</b>	<b>14,171</b>	<b>18,196</b>	<b>14,216</b>	<b>14,216</b>	<b>17,747</b>
<b>Cash and cash equivalents at end of year/period</b>	<b>18,196</b>	<b>14,216</b>	<b>17,747</b>	<b>10,117</b>	<b>10,126</b>



## RISK FACTORS

*An investment in the Shares involves risks. Prospective investors should carefully consider all of the information in this Prospectus and, in particular, the risks described below before making an investment decision. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition, results of operations and prospects may be materially and adversely affected by any of these risks. The trading price and value of the Shares could decline due to any of these risks and you may lose all or part of your investment.*

*This Prospectus also contains forward-looking statements which involve risks and uncertainties. The actual results of our operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face as described below and elsewhere in this Prospectus. See “Notice to Investors – Forward-Looking Statements”.*

*Before deciding to invest in the Shares, prospective investors should seek professional advice from their advisors about their particular circumstances.*

### RISKS RELATING TO OUR BUSINESS AND OPERATIONS

***The ERA brand is very important to our business and success, and we are subject to certain restrictive provisions under our franchise agreements.***

The ERA brand is very important to our business and success. Our Company holds the exclusive ERA regional master franchise rights for the Territories under the Regional MFA, pursuant to which Realogy has granted our Company the exclusive right to license the ERA Marks and the ERA System to sub-franchisees in the Territories. Under the Singapore MFA (which is presently an intra-group agreement between our Company (as ERA regional master franchisor for the Territories) and our wholly-owned subsidiary ERA Singapore (as ERA master franchisor for Singapore)), ERA Singapore has been granted the exclusive right to grant memberships to parties to operate ERA Member Broker Offices in Singapore. Other than as granted by ERA Singapore as aforesaid, no other entity is permitted to operate under the ERA System in Singapore. ERA Realty has been appointed as an ERA Member Broker in Singapore, pursuant to the ERA Realty Membership Agreement (as defined herein) (which is presently an agreement between our wholly-owned subsidiaries, ERA Singapore and ERA Realty).

As described in “*Business – Our Services – Franchise Arrangements – Regional MFA – Term and Termination*”, the Regional MFA has an initial term of 30 years, which expires in 2029. Upon the expiration of the initial term or the term of any subsequent renewal (including any successive renewal period), our Company has the option to renew the Regional MFA upon the same terms and conditions (except that payment of the initial franchise fee does not apply) for additional 30-year terms, provided that our Company delivers timely notice of our intent to renew and at the time of such notice, our Company is not in material default of any of the provisions of the Regional MFA.

We also hold the Coldwell Banker master franchise rights for Singapore pursuant to the Coldwell Banker MFA, which has an initial term of 30 years expiring in 2028. The renewal provisions under the Coldwell Banker MFA are similar to those under the Regional MFA described above, save that there may be a renewal fee of US\$250,000 payable to Realogy.

The Regional MFA may be terminated by either party upon a material and uncured breach by the other party of a material provision of the Regional MFA or of any other agreement or document entered into or delivered pursuant to the Regional MFA. If Realogy elects to terminate the Regional MFA, it is to notify our Company and may terminate the Regional MFA upon our failure to cure the breach within 30 calendar days of such notice (or if such breach is not susceptible of cure within such 30 days, then the cure period shall be extended for so long as reasonably necessary to afford our Company a fair opportunity to cure, provided we commence in good faith efforts to cure such breach within 20 days after such notice and thereafter pursue such cure diligently at all times). There are similar provisions in the Coldwell Banker MFA.

Further, Realogy may terminate the Regional MFA immediately without recourse to any legal formalities or court proceedings upon the occurrence of, among other things, (a) insolvency of our Company, (b) a breach by our Company for which Realogy has given us a prior notice of breach within

the previous 12 months, (c) an assignment by our Company of the Regional MFA, or one or more sales, transfers or new issues of stock in excess of the stipulated threshold, without obtaining Realogy's prior written consent as required under the Regional MFA (as described below) or (d) a failure to provide Realogy with a right of first refusal as required under the Regional MFA (as described below). Please also refer to "*Business – Our Services – Franchise Arrangements – Regional MFA – Term and Termination*" for further details of the termination events under the Regional MFA. The Coldwell Banker MFA also contains similar termination events.

While there has not been any material breach by our Company of a material provision of the Regional MFA or the Coldwell Banker MFA and we believe that we have developed and maintained a good working relationship with Realogy and are confident that any breach of the Regional MFA or the Coldwell Banker MFA by our Company is likely to be rectified or resolved in accordance with the provisions described above and that the Regional MFA and the Coldwell Banker MFA will not be prematurely terminated, we cannot assure you that this will be the case, nor can we assure you that Realogy will continue to be the master franchisor under the Regional MFA and the Coldwell Banker MFA.

For so long as the Singapore MFA and the ERA Realty Membership Agreement are intra-group agreements, we do not foresee that either agreement will be prematurely terminated. However, in the event that the Regional MFA is terminated or expires, the Singapore MFA and the ERA Realty Membership Agreement may be assigned to Realogy or its nominee and will upon such assignment cease to be intra-group agreements.

In addition, and as referred to above, under the Regional MFA, the prior written consent of Realogy (such consent not to be unreasonably withheld or delayed) is required for an assignment by our Company of the agreement or any of its rights, privileges, duties or obligations thereunder or in the event APRH's ownership of the Shares, PGA Realty's ownership of the Class A voting shares of APRH or Mr. Tan Choon Hong's ownership of the shares of PGA Realty is diluted to below 51.0%, subject to an exception for transfers to any properly formed and capitalised entity that is at least 51.0% owned by our Company, APRH, PGA Realty or Mr. Tan Choon Hong. Realogy also has a right of first refusal in the event that our Company desires to assign its rights under the Regional MFA.

Any such assignment, sale or transfer (actual or purported) without Realogy's prior written consent constitutes a default of a material obligation of the Regional MFA, shall be null and void as against Realogy and is a termination event under the Regional MFA, as described above. There are similar provisions in the Coldwell Banker MFA.

Immediately after the completion of the Restructuring (as defined herein), the Offering and the issue of the Cornerstone Shares, APRH will directly own approximately 74.7% of our Company's share capital (assuming the Over-allotment Option is not exercised) and approximately 72.0% of our Company's share capital (assuming the Over-allotment Option is exercised in full). However, in the event that there is any future sale or transfer of the Shares by APRH or new issuance of Shares by our Company which would result in APRH's shareholding in our Company being diluted to below 51.0% of our issued share capital, the prior written consent of Realogy will have to be obtained in order for such sale, transfer or new issuance not to constitute a default of a material obligation which would give Realogy the right to terminate the Regional MFA and the Coldwell Banker MFA.

In connection with the foregoing, each of Mr. Tan Choon Hong, PGA Realty and APRH has provided the MFA Consent Undertakings to our Company as described in "*Business – Our Services – Franchise Arrangements – Regional MFA – Consent of Realogy and MFA Consent Undertakings*".

In the event that Realogy exercises its right to terminate the Regional MFA and we lose the ERA regional master franchise rights for the Territories, we will no longer receive royalty income from the sub-franchisees in the Territories. We are also to pay to Realogy, within 30 days of termination (other than termination as a result of breach by Realogy), liquidated damages calculated based on the average annual total of continuing service fees or minimum service fees, as the case may be, payable by our Company to Realogy under the Regional MFA for the three calendar years immediately preceding the year in which the Regional MFA is terminated. Please refer to "*Business – Our Services – Franchise Arrangements – Regional MFA – Term and Termination*" for further details. The amount of such liquidated damages is potentially significant and if so, may have a material and adverse impact on our business, results of operations and financial condition.

Further, under the Regional MFA, during the term of the agreement and for a period of one year after termination or expiration of the Regional MFA (except in the event of termination by Realogy without cause or termination by our Company for cause), our Company, our Directors (during the term of their appointment), our senior executive officers (during the term of their appointment), APRH, PGA Realty and Mr. Tan Choon Hong are subject to non-compete restrictions pursuant to which we and they may not (a) enter the real estate brokerage business in competition with our franchisees or our sub-franchisees or their franchisees, nor have a direct or indirect financial interest in any of our franchisees or our sub-franchisees or their franchisees, without Realogy's prior written consent or (b) engage in or have a direct or indirect financial interest in a company that engages in the sale and/or servicing of other real estate brokerage office franchises, except those real estate brokerage franchising systems owned or operated by Realogy or its affiliates or their parent.

Our ownership and operation of the ERA Member Broker (real estate office) Franchise in Singapore (i.e. ERA Realty operating as an ERA Member Broker in Singapore) and our ownership of the Coldwell Banker sub-franchising rights and operation of the Coldwell Banker System in Singapore, or any other real estate brokerage office franchising systems that are owned or operated by Realogy or its affiliates or their parent, are excluded from the non-compete restriction referred to above. The Coldwell Banker MFA contains a similar non-compete restriction, with similar exclusions.

There is also a non-compete restriction under the Singapore MFA which applies to our Company and ERA Singapore for two years after the Singapore MFA is terminated under certain circumstances. The non-compete restriction under the Singapore MFA restricts our Company and ERA Singapore from having any interest as an owner, partner, director, officer, consultant, representative or agent, or in any other capacity, in (a) any business that offers brokerage services and/or ancillary services or that grants franchises or licences for the development and operation of any business offering brokerage services and/or ancillary services in Singapore where it would compete with any ERA Member Broker in Singapore or (b) any entity which is granting franchises or licences or establishing joint ventures for the operation of such businesses referred to in sub-paragraph (a) in Singapore. There is an exclusion for, among other things, our direct or indirect ownership interest in any ERA Member Broker Office.

The ERA Realty Membership Agreement also contains a non-compete restriction which applies during the term of the ERA Realty Membership Agreement and which restricts ERA Realty, its principals or officers from competing with ERA Singapore or any ERA Member Broker, without the prior written consent of ERA Singapore (our wholly-owned subsidiary), unless such business is being conducted under an ERA Membership Agreement.

In the event that the Regional MFA is terminated, we can still operate as an ERA Member Broker in Singapore, as the ERA master franchisor for Singapore and as the Coldwell Banker master franchisor for Singapore, although our Company will no longer be the ERA regional master franchisor for the Territories and hence not receive royalty income from our ERA sub-franchisees in the Territories. In the event that the Coldwell Banker MFA is terminated, we can still operate as an ERA Member Broker in Singapore, as the ERA regional master franchisor for the Territories and as the ERA master franchisor for Singapore. In the event that both the Regional MFA and the Coldwell Banker MFA are terminated, we can still operate as an ERA Member Broker in Singapore and as the ERA master franchisor for Singapore, although our Company will no longer receive royalty income from our ERA sub-franchisees in the Territories.

However, the termination of one or more of the Regional MFA, the Coldwell Banker MFA, the Singapore MFA and/or the ERA Realty Membership Agreement may, as the case may be, result in the Singapore MFA and/or the ERA Realty Membership Agreement ceasing to be an intra-group agreement and/or may have a material and adverse impact on our business, prospects, results of operations and financial condition.

In particular, in the event that the ERA Realty Membership Agreement is terminated, ERA Realty will have to deidentify itself as an ERA Member Broker. In the event that the Singapore MFA is terminated, the Singapore MFA provides that the franchisor (who in such scenario is expected to be Realogy or its nominee) will have the option to have the ERA Realty Membership Agreement assigned to it or its nominee, as described in "*Business – Our Services – Franchise Arrangements – Singapore MFA – Term and Termination*". In the event that such assignment option is not exercised, ERA Realty will have to deidentify itself as an ERA Member Broker.

In the event that ERA Realty has to deidentify itself as an ERA Member Broker, while ERA Realty may continue with its real estate brokerage services by operating under its own brand name, to the extent that Realogy has or has franchised a competing business in Singapore, ERA Realty may be subject to non-compete restrictions for up to a period of two years.

Our other services such as property management, valuation and training are not operated based on our franchise arrangements with Realogy and are not subject to the non-compete restrictions under the Regional MFA. Such other services are also not prohibited by the non-compete restrictions under the Singapore MFA, as our provision of such other services does not result in competition with any ERA Member Broker in Singapore. However, in the event that we are not able to operate our brokerage business for a period of up to two years as a result of the non-compete restrictions, our business and operations will be materially and adversely affected.

***We are dependent on our ability to retain existing sub-franchisees and our ability to continue to attract new sub-franchisees.***

We have licensed the ERA brand and the use of certain ERA Marks to sub-franchisees in Japan, Korea, Taiwan, Thailand, Malaysia, Vietnam and Indonesia, and also to our subsidiary ERA Singapore in Singapore (which, as the ERA master franchisor for Singapore, has appointed ERA Realty as an ERA Member Broker). We are dependent on our ability to retain existing sub-franchisees and our ability to continue to attract new sub-franchisees. We also intend to expand and deepen our presence in key markets in the Asia-Pacific region either by setting up a brokerage office, entering into sub-franchise arrangements with local operators or acquiring an existing agent network (subject to any applicable non-compete restrictions), as described in “*Business – Strategies*”.

Our existing sub-franchisees (who are the master franchisors for their territory) may terminate their sub-franchise agreements and join another franchise network or commence their own operations, subject to compliance with any applicable non-compete restrictions. This would reduce the revenue we generate from our sub-franchisees. If we are also unable to attract new sub-franchisees, our business, prospects, results of operations and financial condition could be materially and adversely affected.

The revenue that we generate from our sub-franchisees is also dependent on the performance of our sub-franchisees, as the amount of royalties paid to us by our sub-franchisees is generally computed as a percentage of their respective gross revenues. Further, while there have not been any material disagreements or disputes with our sub-franchisees, we cannot assure you that disagreements or disputes over material terms of the sub-franchise agreements (such as fees or performance of obligations) will not arise in the future between our sub-franchisees and ourselves. Poor performance by or disagreements or disputes with, our sub-franchisees may have a material adverse effect on our performance, business, prospects, results of operations and financial condition, as well as the reputation of the ERA brand.

***We are subject to significant competition.***

The real estate brokerage industry in Singapore is highly competitive, and we face significant competition. We face considerable competition from established estate agency brands, as do our sub-franchisees in their respective territory. Our key competitors in the Singapore market are PropNex Realty, Huttons Asia, Orangetee.com and Edmund Tie & Company Property Network (formerly known as DTZ). We may also face competition from new market entrants, or as a result of consolidation by our existing competitors. Increased competition may decrease both the number of transactions that our agents broker and the commissions and price levels our agents are able to charge, which may in turn adversely impact our business, prospects, results of operations and financial condition. See “*Business – Competition*” for further details.

There is also substantial competition for high-performing agents in the industry, which is characterised by high levels of agent turnover. All of our agents are independent contractors and are able to leave us at short notice and potentially join other agencies. See “– *Our business and ability to execute our strategies are dependent on retaining key personnel and attracting high-performing agents*”. A portion of our revenue is also derived from the provision of ancillary services that are related to the sale of residential property, including property management and valuation services. Customers may procure such ancillary services from providers other than our Group, which would decrease our revenue generated by such services.



In addition, the Regional MFA provides for Realogy, its parent and subsidiaries (including sister companies controlled by a common parent, other than real estate brokerage office franchisors) to retain the right to concurrent use of the ERA System and ERA Marks (excluding the right to own or operate ERA real estate brokerage franchises, or grant “ERA” franchises to real estate brokers) within the Territories, and that Realogy (and/or ERA Franchise Systems, Inc. (“**ERA**”)) and/or its subsidiaries may establish and/or operate collateral businesses within the Territories under or using the ERA Marks and/or ERA System.

In the event Realogy (and/or ERA) and/or its subsidiaries elect to establish and/or operate a collateral business within the Territories using the ERA Marks and/or the ERA System, Realogy shall provide our Company not less than 60 days’ written notice prior to establishing or entering any collateral business, and consult with our Company regarding its plans/intentions concerning the operation of such collateral business, and is also to offer us a right of first refusal before granting a licence to any third party permitting the operation of a newly established collateral business under the ERA Marks within the Territories. See “*Business – Our Services – Franchise Arrangements – Regional MFA – Collateral Businesses*” for further details.

We do not currently use the ERA Marks or the ERA System for any collateral businesses. Further, while the Realogy group owns and operates residential real estate brokerages in the United States, to our knowledge, its operations outside of the United States are based on the franchise model and we currently have no reason to believe that Realogy or its affiliates are intending to establish or operate collateral businesses within the Territories under or using the ERA Marks and/or the ERA System in competition with us. However, we can give no assurance as to Realogy’s future business plans.

***We are dependent on the strength of the ERA brand and on our reputation and goodwill, all of which may be affected by factors such as litigation, agent and employee misconduct and negative publicity.***

The strength of the ERA brand and our reputation and goodwill underpin consumer perception of us. We operate in an industry where integrity, trust and confidence are important. Consequently, we are exposed to risks which could undermine any of those characteristics, such as, but not limited to, litigation, agent and employee misconduct, operational failures, adverse regulatory investigations, negative publicity or press speculation (including adverse social media commentary), unauthorised disclosure of or access to confidential or personal information and poor service.

While there has not been a material adverse impact on our Group’s operations and/or financial condition as a result of any of the above risks and we continually review our risk management policies and procedures, keep track of misconduct by agents and employees and have policies and procedures in place to minimise the impact of any such misconduct, we cannot assure you that these procedures will be sufficient (for example, to avoid agent fraud). Failure (or the perception that we have failed) to develop, implement, monitor and when necessary pre-emptively upgrade our risk management policies and procedures could adversely affect our reputation.

As our rights to the ERA brand are franchised from Realogy, who has other franchisees worldwide, the strength of the ERA brand is also subject to consumer perception and the reputation of Realogy, as master franchisor, and such other franchisees, whom we have no control over. We are also required under the Regional MFA to take all commercially reasonable steps to, and use our best efforts to cause our sub-franchisees (who are the master franchisors for their territory) and their franchisees to, preserve the goodwill and prestige of the ERA Marks, and there is no assurance that we will be able to satisfy this obligation as our sub-franchisees and their franchisees operate independently from us.

Further, under the Regional MFA and the Coldwell Banker MFA, we have provided an indemnity to Realogy, ERA and Coldwell Banker Real Estate LLC, as the case may be, covering any liability, damages and expense in connection with any claim, action, proceeding or litigation that arises out of the operation of our business and/or the operations or activities of our franchisees or sub-franchisees or their franchisees or their respective agents or employees. ERA Singapore and ERA Realty have also provided an indemnity under the Singapore MFA and the ERA Realty Membership Agreement, respectively. Please refer to “*Business – Our Services – Franchise Arrangements*” for further details. While we have not been required to make any payments pursuant to such indemnities, in the event we are required to make significant payments to any of the indemnified parties pursuant to the indemnities we have provided, it may have a material adverse effect on our business, results of operations and financial condition.

In addition, adverse publicity about another operator in our industry may have a negative impact on us even if we are not (or have not been) directly involved. While our Company and our agents are covered under professional indemnity insurance which may help to mitigate economic losses, any such occurrence could materially and adversely impact our reputation and goodwill, cause loss of consumer and customer confidence in us and loss of customers, which could in turn have a material adverse effect on our business, prospects, results of operations and financial condition.

***We are dependent on our relationships with property developers for access to a pipeline of new projects.***

A key focus area for our business is new home sales. Our project sales team maintains close working relationships with major residential property developers in Singapore and frequently engage with these developers at an early stage of the project development. When a new project is ready to be launched, we are typically invited to make a pitch to the management of the developer for the opportunity to be appointed as the marketing agent for the project.

Our project sales team has executed 158 marketing launches in Singapore since 2007 up to the Latest Practicable Date and we have secured project marketing agent roles in 14 projects in 2016 and eight projects in 2017 up to the Latest Practicable Date. See “*Business – Our Competitive Strengths – We have one of the largest agent networks in Singapore – Through our strong relationship with developers, we offer our agents a high quality pipeline of new project launches which can be a high volume source of commission*” for more details. While we believe that we have cultivated strong relationships with major residential property developers in Singapore and we intend to continue building these relationships going forward, there can be no assurance that we will be able to maintain close working relationships with the developers or be appointed as marketing agent for their projects.

Any adverse development in our relationships with property developers may limit our involvement in new projects and reduce the revenue we generate from new home sales, which could have a material adverse effect on our business, prospects, results of operations and financial position.

***The value of our goodwill and intangible assets, and the costs of investment may become impaired.***

Goodwill and other intangible assets represent a substantial portion of our assets. Goodwill constituted 49.9%, 48.5%, 44.0% and 45.8% of our total assets as at 31 December 2014, 2015 and 2016, and as at 31 March 2017, respectively. Other intangible assets constituted 18.8%, 17.6%, 15.5% and 15.9% of our total assets as at 31 December 2014, 2015 and 2016, and as at 31 March 2017, respectively.

In accordance with applicable accounting standards, we periodically evaluate our goodwill and other intangible assets to determine whether all or a portion of their respective carrying values may no longer be recoverable, in which case a charge to income may be necessary. See Note 2.7 of our consolidated financial statements for FY2014, FY2015 and FY2016 set out in “*Appendix A – Independent Auditor’s Report for the Financial Years ended 31 December 2014, 2015 and 2016*” for a discussion on our accounting policies in relation to impairment of goodwill and impairment of other intangible assets.

Any future evaluations requiring an impairment of our goodwill and other intangible assets could have a material adverse effect on our business, prospects, results of operations and financial condition, including Shareholders’ equity in the period in which the impairment occurs. A material decrease in Shareholders’ equity could, in turn, potentially impact our compliance with debt covenants.

***We may not be able to implement our business strategies successfully or manage our growth effectively.***

Our future growth and earnings will depend, to a significant extent, upon the successful implementation of our business strategies. Our ability to achieve our business and financial objectives is subject to a variety of factors, many of which are beyond our control. The principal objective of our business strategies is to enhance shareholder value by strengthening and expanding our presence in Singapore, expanding our range of services and geographical presence in the Asia-Pacific region and enhancing our technological capabilities. See “*Business – Strategies*” for further details.

Our future growth will depend upon a number of factors, including but not limited to, our ability to:

- achieve synergies from the expansion of our operations;



- retain key personnel (see “– *Our business and ability to execute our strategies are dependent on retaining key personnel and attracting high-performing agents*”);
- identify and complete attractive acquisitions (see “– *Acquisitions, joint ventures and strategic alliances which we may undertake and/or enter into may not achieve expected financial returns and/or may place significant demands on our resources*”);
- obtain the necessary financing to fund our growth (see “– *We may require additional capital in the longer term, depending on factors such as regulatory changes or the pursuit of our growth strategy. Such additional capital may not be available or may only be available on unfavourable terms*”); and
- identify and capitalise on opportunities in new markets (see “– *We may not be able to successfully replicate our business model in other geographic markets*”).

Our failure to execute our business strategies or to manage our growth effectively could have a material adverse effect on our business, prospects, results of operations and financial condition. In addition, the implementation of our business strategies may not necessarily translate into successful results. Furthermore, we may decide to alter or discontinue certain business strategies and adopt alternative or additional strategies in response to our operating environment or competitive situation, as well as factors or events which are beyond our control.

***Our business and ability to execute our strategies are dependent on retaining key personnel and attracting high-performing agents.***

Our business and our ability to execute our strategies depend on the services provided by, and experience of, Mr. Jack Chua, our Executive Director and Chief Executive Officer, our management team and our agent network. See “*Business – Our Competitive Strengths – We have one of the largest agent networks in Singapore*” for more details. We have entered into a service agreement with Mr. Jack Chua as our Chief Executive Officer, which does not have a fixed term and contains certain termination provisions. See “*Management – Service Agreement*” for more details. The loss of key personnel or a failure to recruit and retain key personnel and high-performing agents could have a material adverse effect on our business, financial condition or results of operations.

In particular, members of our senior management team have made significant contributions to the growth and success of our business and have played a large role in establishing and sustaining our sales and service culture, and are expected to continue to do so following the Listing. Accordingly, the loss of a substantial number of members of the senior management team without suitable and timely replacements may have a material adverse effect on our business, prospects, results of operations and financial condition.

In addition, our agents are key to the success of our business. All of our agents are independent contractors and are able to leave us at short notice and potentially join other agencies. There is substantial competition for high-performing agents in the industry, which is characterised by high levels of agent turnover. As we rely heavily on commissions generated by our agents, the loss of high-performing or a substantial number of agents, especially to competitors, or an inability to attract, retain and motivate additional high-performing agents required for the expansion of our business, could have a material adverse effect on our business, prospects, results of operations and financial condition.

***We may not be able to successfully replicate our business model in other geographic markets.***

We may not succeed in expanding our business into new jurisdictions on a timely basis or in achieving profitability, and we may not be able to transfer skills and experience from one market to another or be able to deliver consistent quality of service across the markets we target to expand into. In addition to regulatory barriers, we may also encounter problems conducting operations in new jurisdictions with different cultures and legal systems where historical practices may not align with our business practices and corporate policies, or where we have limited knowledge and understanding of the local economy and businesses, an absence of business relationships or unfamiliarity with local governmental and relevant laws and regulations. Such new jurisdictions may present distinct market opportunities, risk profiles and competitive landscapes. Growth strategies we successfully adopt in one jurisdiction may not be viable for our business in another jurisdiction. There is no assurance that we

would be able to transplant and adapt our existing business model successfully to any other jurisdiction or that we would not risk prohibitive costs and expenses doing so. Any of these factors could materially and adversely affect our ability to successfully expand our business, and our failure to effectively manage any expansion could have a material adverse effect on our business, prospects, results of operations and financial condition.

***We are subject to government policies, laws and regulations with which we may be found to be non-compliant, and changes in government policies, laws or regulations may affect our business and profitability.***

We are subject to government policies, laws, regulations and industry codes of conduct, in particular, those promulgated by the CEA. See “*Regulatory Environment*” for further details. Regulators (in particular, the CEA) can conduct industry-wide investigations into certain products, selling practices or other aspects of the business of entities supervised by that regulator. Such investigations can arise as a result of adverse publicity in respect of another participant in the same industry as us and might not necessarily result from any action or omission by us. A regulator may determine that we have failed to comply with applicable laws, regulations or rules or that we have not undertaken corrective action required by that regulator. The impact of us being found to be non-compliant in any such inquiry and/or investigation is difficult to assess or quantify and would depend on which regulatory regime was involved and the disciplinary/enforcement powers of the relevant regulator. Such inquiries or investigations could result in adverse publicity for, or negative perceptions of, us and affect our relationships with regulators as well as current and potential customers and agents. They may also cause our management’s attention to be diverted and additional expenses to be incurred.

We rely upon, and may be responsible for, the actions of our agents. Acts or omissions of our agents (including negligence, fraud and other misconduct) could result in us failing to comply with applicable laws, regulations, rules or industry codes of conduct, or requirements imposed or supervision by a regulator, which could lead to onerous requests for information, prosecution, disciplinary action, imposition of fines or the revocation of a permission or authorisation, and could result in adverse publicity for, or negative perceptions of, us and affect our relationships with our current and potential customers and applicants, as well as diverting management’s attention. Any of these outcomes could have a material adverse effect on our business, prospects, results of operations and financial condition.

In addition, changes in government policies, laws, regulations and/or industry codes of conduct in Singapore may significantly decrease the number of residential property transactions and may increase the cost or reduce the profitability of providing services related to such transactions. For example, adverse tax (including stamp duty land tax) policies, changes in the regulation of the real estate agency industry or changes in regulations relating to the granting of mortgages to potential buyers (such as the Total Debt Servicing Ratio (“TDSR”) framework (see “– *Our business is dependent on the availability of mortgage financing*”)), may affect the volume of transactions in the Singapore housing market and could also increase the cost of providing services related to such transactions. Furthermore, a change in the regulation of property sales (whether by legislation or through industry codes of conduct) may reduce, cap or otherwise limit the amount of commission payable on sales transactions or other charges levied by us for providing our real estate brokerage services. Changes may also limit or prescribe our ability to offer certain products and services, including our ancillary services, or subject it to more onerous conduct of business requirements. Even though some changes may have a beneficial impact in the medium or long term, they may create uncertainty and decrease residential property transaction volumes in the short term, which could have a material adverse effect on our business, prospects, results of operations and financial condition.

We are also subject to laws and regulations governing our corporate administration and management, and there is no assurance that we will be able to maintain at all times full compliance with such laws and regulations. We have encountered and/or inherited from our acquisitions, and as our operations expand we may also continue to encounter and/or inherit from our acquisitions, corporate secretarial irregularities that may conflict with or affect the validity of corporate actions we take, such as with respect to allotments or transfers of shares. Such irregularities may also give rise to potential claims from past shareholders and other third parties.

***We are dependent on Singapore's residential property market and macroeconomic conditions in Singapore.***

We generate almost all of our revenue from the Singapore property market, in particular, the residential property market. ERA Realty, which accounted for 97.0% of our total income in 1Q2017, generates income by taking a commission on each residential property transaction that its agents broker. We are, therefore, adversely affected by factors that reduce transaction volumes or sales prices and rental rates in the Singapore residential property market. Commissions for property rental transactions also depend on the duration of tenancies, which is affected by many factors which are beyond our control.

The number of transactions brokered by our agents could decrease if the Singapore residential property market contracts. Transaction volumes in Singapore are dependent on many factors which are beyond our control, including (i) the level of household income and disposable income, (ii) prevailing sales prices and rental rates and the future outlook of sales prices and rental rates, (iii) vacancy rates, (iv) the availability and affordability of mortgage financing to purchase homes and the willingness of borrowers to incur mortgage loans to finance property purchases, (v) the number of foreigners or expatriates in Singapore who require rental accommodation and (vi) any change in Singapore's cultural predisposition towards property ownership or rentals. When the number of transactions brokered by our agents decreases without a corresponding increase in commissions and/or property prices, the commissions we earn will decrease. Generally, when the volume of residential property sales decreases and/or sales prices decrease, our total revenue generated from commissions decreases.

The commissions we earn are also affected by the mix of property transactions in the market at the prevailing time. Private properties are higher in value and hence we earn higher commissions from resale transactions of private properties as compared to resale transactions of HDB units, even though the commission rates are the same. Currently, the volume of resales of HDB units is much higher than the volume of resale transactions of private property units, but our revenue generated from commissions will increase more than proportionately to the number of transactions if the proportion of resale transactions of private property units increases. Between new home sales and resale transactions (of both private properties and HDB units), new home sales have a higher gross profit margin as compared to resale transactions. Furthermore, the quantum of commissions we earn from rental transactions is much lower compared to resales.

Strong competition faced by ERA Realty may lead to greater pricing pressure, particularly when coupled with poor market conditions, which may decrease the revenue generated by our real estate brokerage business. In addition to pressure on ERA Realty's revenue, lower volumes of transactions can be expected to result in our having fewer opportunities to earn revenue from providing ancillary services related to the sale of residential properties, including property management and valuation services. Our ancillary services benefit from introductions from other parts of our business and rely, to a large extent, on our real estate brokerage business as a distribution channel. As a result, a decrease in the number of customers for our real estate brokerage services could have a material adverse effect on the revenue we derive from our other services. Accordingly, our business, prospects, results of operations and financial condition are closely linked to the Singapore residential property market and could be affected by any decline in the volume of residential property sales or prices.

The Singapore housing market has historically been linked to the strength of the Singapore economy, as well as government regulations introduced from time to time. See “– *We are subject to government policies, laws and regulations with which we may be found to be non-compliant, and changes in government policies, laws or regulations may affect our business and profitability*”. We cannot predict whether, when, or which parts of, the Singapore residential property market will experience a period of sustained growth or downturn. If the Singapore economy, or parts of it, stagnate or contract, average property prices and the volume of activity in the Singapore residential property market could decrease further, which may have a material adverse effect on our business, prospects, results of operations and financial condition.

***Our business is dependent on the availability of mortgage financing.***

Our real estate brokerage business is particularly exposed to the level of mortgage approvals. In particular, since the TDSR framework introduced by the MAS in July 2013 imposed restrictions on the amount that financial institutions could lend to potential property buyers, the volume of mortgage

approvals in Singapore for residential property transactions has decreased considerably. A further contraction in the volume of mortgage approvals could occur. The number of mortgage approvals may be affected by (i) macroeconomic factors, such as the factors leading to the 2008 financial crisis, constrained wholesale funding markets, availability of credit and higher interest rates, (ii) new regulations, especially those increasing the capital requirements of certain banks or decreasing buyers' ability to borrow such as the TDSR framework, and (iii) changes in lenders' approval policies and processes.

Historically, low levels of mortgage approvals have had a direct correlation with the number of properties that we broker. Any reduction (or perceived reduction) in mortgage loan availability or in the affordability of mortgage products for prospective property buyers could result in a decrease in volumes of residential property sales transactions in Singapore, which could have a material adverse effect on our business, prospects, results of operations and financial condition.

***Significant increases in interest rates generally decrease the number of home sales.***

Any increase in interest rates on mortgage products which results in higher monthly payments by borrowers may make mortgage products unaffordable for some prospective property buyers. Any perception by prospective property buyers that interest rates on mortgage products could increase in the future may result in a reluctance of prospective property buyers to incur mortgage debt to finance a residential property purchase.

While a modest increase in the base rate may not significantly affect the housing market (since current rates are low), increases in the base rate have previously had a negative impact on the Singapore housing market because interest rates charged on mortgages have increased correspondingly, thereby making it more expensive for prospective buyers to purchase residential property. Prospective buyers who can obtain a mortgage at current interest rate levels may be deterred by the possibility of increased rates and instead elect to remain in their current property or to continue renting. Higher interest rates (and, in turn, higher monthly interest payments) may make mortgages unobtainable for some prospective buyers. Any of these factors could depress Singapore's residential property market, which may reduce the volume and value of property transactions we broker and the revenue derived from them. This could have a material adverse effect on our business, prospects, results of operations and financial condition.

***Rapid changes in technology and customer preferences may affect our business.***

The efficient operation of our business depends on our information technology ("IT") systems and offerings. We have pioneered the use of IT tools to remain competitive and we rely on IT to improve the level of customer service and enhance efficiency. See "*Business – Technology*" for more details.

Our future success will depend on our ability to adapt to rapidly changing technologies, and to improve the performance and reliability of our systems and offerings. Customers and agents may require features and functionality that our current systems and offerings do not have. To increase or maintain market acceptance for and use of our systems and offerings, we must effectively anticipate and develop systems and offerings that meet changing customer and agent demands in a timely manner. We may experience difficulties with software development and design or marketing that could delay or prevent our development, introduction or implementation of new offerings and enhancements. Also, the introduction of new products, services or technologies by our competitors could render ours non-competitive. If we fail to address such disruptions to the market, we may lose our competitiveness and this could have a material adverse effect on our business, prospects, results of operations and financial condition.

We believe that the number of sales of residential property in Singapore made without the involvement of an estate agent is currently not substantial and limited mostly to resales of HDB units. The volume of direct sales and/or lettings may, however, increase if consumer preferences should change, for example due to greater proliferation or more widespread adoption of websites that facilitate such private sales. If such websites were to facilitate an increased number of private sales in Singapore, the volume of transactions and therefore our revenues, could suffer. A significant increase in the volume of private sales and a corresponding decrease in the volume of sales through estate agents, could have a material adverse effect on our business, prospects and results of operations.



***A failure in, or cyber-attacks on, our infrastructure and IT systems could disrupt our businesses or result in the disclosure of confidential information.***

Our business is substantially dependent on reliable and efficient IT systems. We also routinely transmit and receive personal, confidential and proprietary information by email and other electronic means and therefore rely on the secure processing, storage and transmission of such information. As our operations expand, we may incur substantial expenditures in order to develop and/or maintain our operational systems and infrastructure. Our financial, accounting, data processing, IT, communications or other systems and facilities, and/or third party infrastructure on which we rely, may: (i) fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, and (ii) be vulnerable to unauthorised access and data loss (from within the organisation or by third parties), computer viruses, malicious code, cyber threats that have a security impact, and the interception or misuse of information transmitted or received by us. Such cyber-attacks are increasing in frequency and reach, for example the WannaCry ransomware attack in May 2017 which affected countries and companies worldwide. While we have not suffered data protection breaches in the past, there can be no assurance that we will not suffer such disruptions in the future. Where the collation of data has been centralised within a business function, it is more likely that a data protection breach would result in the loss of a large amount of data. While we have put in place appropriate data security measures, in particular in respect of our centralised IT function, a breach of our security systems could result in the loss of our or our customers' confidential and other information, or otherwise cause interruptions or malfunctions in our, our customers' or third parties' operations. We may be required to expend significant additional resources to modify our protective measures or to investigate and remedy vulnerabilities or other exposures, and we may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance maintained by us. Any of the foregoing could adversely affect our business, prospects, results of operations and financial condition, as well as harm our reputation and/or lead to increased regulatory scrutiny and/or disciplinary action.

***Litigation and other adversarial actions in the ordinary course of business could materially adversely affect us.***

While we have not been and are not currently subject to any material litigation, we cannot assure you that we will not be subject to such litigation in the future. In addition, we may be subject to other disputes, claims and complaints, including adversarial actions, by customers, agents, employees, suppliers, insurers and others in the ordinary course of business. Relevant regulators and governmental authorities may also bring administrative or other enforcement actions against us. Significant claims or a substantial number of small claims may be expensive to defend, may divert the time and focus of management away from our operations and may result in us having to pay monetary judgments, any of which could have a material adverse effect on our results of operations and financial condition. In addition, adverse publicity arising from any litigation or adverse judgment against us could negatively impact our reputation, even if we are not found liable, which could in turn have a material adverse effect on our business, prospects, results of operations and financial condition.

***Acquisitions, joint ventures and strategic alliances which we may undertake and/or enter into may not achieve expected financial returns and/or may place significant demands on our resources.***

We may in the future expand our business through acquisitions, locally or in foreign jurisdictions. We would before doing so undertake an analysis of the market opportunity in respect of the acquisition target, including estimating the value of the target and the market potential of the jurisdiction in which it operates. However, there can be no guarantee that our analysis of the market opportunity, or in respect of the jurisdiction in question will provide an accurate indication of its future potential. If the market opportunity is less profitable than we expected following the acquisition, we may not be able to achieve the returns which we anticipated. Any expansion in foreign jurisdictions carries additional risks compared to acquisitions we might undertake in Singapore. See “– *We may not be able to successfully replicate our business model in other geographic markets*”. If we fail to manage the risks associated with our acquisition and are unable to implement, integrate and manage an expansion plan successfully, it may adversely affect our business, prospects, results of operations and financial condition.

Further, any expansion strategy we may implement may place significant demands on our management, administrative, operational, IT, financial and other resources.

The successful implementation of any expansion strategy depends on our ability to continue maintaining, developing and integrating our management, administrative, operational, financial and accounting systems, internal controls and supervisory procedures. As our operations expand, we may also be required to incur further expenditure and effort to invest in our IT systems and infrastructure. Although our management, administrative, operational, financial and accounting systems and internal controls and supervisory procedures have been designed to be scalable and to support any anticipated expansion strategy, there can be no assurance that they will be suitable or perform as designed. The actions, processes and events we may undertake in furtherance of any expansion strategy are time-consuming and may be expensive, will increase management responsibilities and will divert management attention, all of which may have a material adverse effect on our business, prospects, results of operations and financial condition.

***We may not be able to refinance our indebtedness on favourable terms and our leverage could adversely limit our operational flexibility.***

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. There is no assurance that we will be able to maintain a level of cash flow from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. Further, due to the nature of our business, our working capital is expected to be dynamic throughout the course of each financial year as our business model is largely characterised by sales commissions received from the sale/resale and rental transactions of real estate properties with subsequent payments of commissions to our agents. As at 31 December 2016, we had a cash balance of approximately S\$17.7 million and current assets of approximately S\$67.2 million. Our Group's current liabilities of approximately S\$74.8 million as at 31 December 2016 exceeded our current assets as at the same date by approximately S\$7.6 million. See "*Management's Discussion and Analysis of Results of Operations and Financial Position – Review of Past Financial Position - Audited Consolidated Statement of Financial Position as at 31 December 2015 and 31 December 2016 and Unaudited Consolidated Statement of Financial Position as at 31 March 2017 – Current liabilities*" for further details.

See "*Management's Discussion and Analysis of Results of Operations and Financial Position – Description of Material Indebtedness*" for further details on our material borrowings. We may also find it necessary or prudent to refinance our outstanding indebtedness with longer-maturity debt or at a higher interest rate. Our ability to refinance our indebtedness on favourable terms, or at all, is directly affected by current global economic and financial conditions as well as our credit position. In addition, our ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in us, the success of our businesses, provisions of tax and securities laws that may be applicable to our efforts to raise capital and political and economic conditions. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or obtained on terms favourable to us.

Our leverage may increase in the future, which could have important consequences, including:

- increasing our vulnerability to downturns or adverse changes in general economic, industry or competitive conditions and adverse changes in government regulations;
- requiring a portion of our cash flows from operations to be dedicated to the payment of principal, premium, if any, and interest on our indebtedness, therefore reducing our ability to use our cash flows to fund our operations, capital expenditures and future business opportunities;
- exposing us to the risk of being unable to maintain sufficient levels of cash flows to permit us to pay the principal, premium, if any, and interest on our indebtedness;
- limiting our ability to pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments;
- requiring lenders' consent to any change of control or changes in shareholding, as defined in the applicable loan agreement; and
- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes.



If new indebtedness is added to our current debt levels, the related risks that we face could intensify and may have a material adverse effect on our business, prospects, results of operations and financial condition.

***We may require additional capital in the longer term, depending on factors such as regulatory changes or the pursuit of our growth strategy. Such additional capital may not be available or may only be available on unfavourable terms.***

Our capital requirements depend on numerous factors, including, but not limited to, working capital. If our capital requirements in the longer term were to vary materially from those which we currently anticipate, or if we require significantly more capital for any expansion we may undertake than anticipated, we might require additional financing. In order to be able to meet our financial obligations, we may need to obtain borrowing facilities or seek to raise funds in the capital markets, failing which we may have to raise additional capital from Shareholders. There can be no assurance that we will be able to raise additional funds, whether in the form of debt or equity, when needed or that such funds will be available on terms acceptable to us.

A number of factors (including conditions in the credit, debt and equity markets and general economic conditions) may make it difficult for us to obtain additional financing or raise capital on favourable terms or at all. If, in the longer term, we fail to raise additional funds when needed or to obtain such funds on terms acceptable to us, it could have a material adverse effect on our business, results of operations, financial condition and growth prospects.

In addition, as described in “– *The ERA brand is very important to our business and success, and we are subject to certain restrictive provisions under our franchise agreements*”, in the event that APRH’s ownership of the Shares is diluted to below 51.0%, the prior written consent of Realogy will have to be obtained in order not to constitute a default of and termination event under the Regional MFA. While the Regional MFA provides that such consent of Realogy is not to be unreasonably withheld or delayed and for Realogy to review matters submitted for its consent in good faith and to provide its consent without undue delay or condition, there is no assurance that Realogy’s consent will be obtained or that such requirement to obtain Realogy’s prior written consent will not delay, defer or prevent our Company from raising additional funds in the form of equity.

***Our insurance coverage may not be adequate to indemnify us against all possible liabilities.***

As described in “*Business – Agency Structure*”, the agents registered with ERA Realty are required to be covered under professional indemnity insurance provided by ERA Realty and is to pay ERA Realty the requisite premium for the same. The agent is also to indemnify ERA Realty against all costs, charges, damages, liabilities, losses, expenses, actions, suits, proceedings and claims arising out of the agent’s acts or omissions which are not covered by such insurance.

In addition, under the Regional MFA and the Coldwell Banker MFA, we are required to maintain for ourselves, and require our sub-franchisees to maintain, certain insurance coverage with reputable insurance underwriters with coverage and policy limits customarily maintained in the Territories for similar businesses or in the real estate brokerage office franchising industry generally, and to name Realogy as an additional insured, as its interests may appear. There are also obligations to maintain insurance coverage under the Singapore MFA.

However, we may not be able to maintain insurance at levels of risk coverage or policy limits to cover all possible liabilities. In addition, there can be no assurance that such insurance can be obtained on commercially reasonable terms or at all, or that any such coverage will sufficiently cover any losses suffered by us. Our insurance policies are generally renewed on an annual basis and there can be no assurance that we will be able to renew all our policies or obtain new policies on similar terms. Liabilities may exceed our available insurance coverage or arise from claims outside the scope of our insurance coverage, in particular given that we have provided indemnities to, among others, Realogy, ERA and Coldwell Banker Real Estate LLC as described in “– *We are dependent on the strength of the ERA brand and on our reputation and goodwill, all of which may be affected by factors such as litigation, agent and employee misconduct and negative publicity*” and “*Business – Our Services – Franchise Arrangements*”.

In the event that the amount of such claims exceed the coverage of the general insurance policies which we have taken up and, in cases of liability arising from acts or omissions of agents, we are not

able to successfully enforce the indemnity against the relevant agent, we may be liable for shortfalls in the amounts claimed and our business, financial condition, results of operations, cash flows and prospects may be adversely affected.

***We may be affected by the occurrence of any acts of God, such as natural disasters, war, terrorist attacks, riots, civil commotions, widespread communicable diseases (such as MERS, Ebola, the avian flu, H1N1, SARS and the Zika virus) and other events beyond our control.***

Acts of God, such as natural disasters, war, terrorist attacks, riots, civil commotions, widespread communicable diseases (such as MERS, Ebola, the avian flu, H1N1, SARS and the Zika virus) are beyond the control of our Group. These may materially and adversely affect the economy, infrastructure and livelihood of the local population or regions in the markets that we operate in. Our Group's business and operations may be adversely affected should such acts of God occur. There can be no assurance that any war, adverse political development, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have a material adverse effect on our business, results of operations, financial condition and growth prospects.

In addition, any worldwide financial instability, such as the recent economic slowdown, could also have a negative impact on the regional economy. Financial disruptions may occur and may harm our business, results of operations, financial condition and growth prospects.

## **RISKS RELATING TO OWNERSHIP OF THE SHARES**

***The Shares may not be a suitable investment for all investors.***

Each prospective investor in the Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Shares, our Company, the merits and risks of investing in the Shares and the information contained in this document;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Shares and the effect an investment in the Shares will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Shares, including where the currency of the Shares is different from the prospective investor's currency;
- understand thoroughly the terms of the Offering; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

***You will suffer immediate dilution, and may experience further dilution, in the net asset value of the Shares and your equity interest may also be diluted as a result of future rights offerings or other equity issues we may make.***

The Offering Price of the Shares is higher than our net asset value ("**NAV**") per Share. Dilution is determined by subtracting the NAV per Share immediately after the completion of the Offering and the issue of the Cornerstone Shares from the Offering Price paid by the new investors. NAV per Share is determined by subtracting total liabilities and minority interests from total assets, and dividing the difference by the number of Shares deemed to be outstanding on the date as at which the book value is determined. Since the Offering Price per Share exceeds the NAV per Share immediately after completion of the Offering and the issue of the Cornerstone Shares, there is an immediate and substantial dilution for investors who participate in the Offering. Investors who invest in the Offering Shares will therefore experience immediate dilution in NAV per Share of the Shares they own. See "*Dilution*".

In addition, we may, in the future, expand our capabilities and business through acquisitions, joint ventures and strategic partnerships with parties who can add value to our business. We may also

require additional equity funding after the Offering. If we choose to issue new Shares in order to finance future expansion, acquisitions, joint ventures and strategic partnerships, our Shareholders will face dilution of their shareholdings.

In particular, if we offer, or cause to be offered to Shareholders, rights to subscribe for additional Shares or any right of any other nature, we will have discretion as to the procedure to be followed in making such rights available to Shareholders, or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to such Shareholders. We may choose not to offer such rights to the Shareholders having an address in a jurisdiction outside Singapore and such Shareholders may experience a dilution in their shareholdings as a result.

***Upon completion of the Offering and the issue of the Cornerstone Shares, our Controlling Shareholders will continue to own a significant number of the Shares.***

Immediately after the completion of the Restructuring, the Offering and the issue of the Cornerstone Shares, each of our Controlling Shareholders Mr. Tan Choon Hong, PGA Realty and APRH will, either directly or indirectly, as the case may be, own approximately 74.7% of our share capital (assuming the Over-allotment Option is not exercised) and approximately 72.0% of our share capital (assuming the Over-allotment Option is exercised in full). Our Controlling Shareholders will have the ability to exercise significant control over most matters requiring approval by Shareholders, including the election and removal of Directors and significant corporate transactions. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, take-over or other business combination involving our Company, or discourage a potential acquirer from making a take-over offer or otherwise attempting to obtain control of our Company.

In addition, as described in “– *The ERA brand is very important to our business and success, and we are subject to certain restrictive provisions under our franchise agreements*”, the prior written consent of Realogy is required in the event that APRH’s ownership of the Shares, PGA Realty’s ownership of the Class A voting shares of APRH or Mr. Tan Choon Hong’s ownership of the shares of PGA Realty is diluted to below 51.0%. While the Regional MFA provides that such consent of Realogy is not to be unreasonably withheld or delayed and for Realogy to review matters submitted for its consent in good faith and to provide its consent without undue delay or condition, there is no assurance that Realogy’s consent will be obtained or that such requirement to obtain Realogy’s prior written consent will not delay, defer or prevent a change in control of our Company, impede a merger, consolidation, take-over or other business combination involving our Company, or discourage a potential acquirer from making a take-over offer or otherwise attempting to obtain control of our Company.

***Sales or possible sales of a substantial number of Shares by us or our significant Shareholders following the Offering could adversely affect the market price of the Shares.***

The Shares will be traded on the Mainboard of the SGX-ST. For varying periods from the Listing Date, we and certain of our Shareholders are restricted from selling Shares. See “*Plan of Distribution – No Sale of Similar Securities and Lock-up*”.

Any future sale or an increased availability of Shares may have a downward pressure on their price. The sale of a significant number of Shares in the public market after the Offering, including by our Controlling Shareholders (subject to the MFA Consent Undertakings), as well as non-controlling but otherwise significant Shareholders, or the issue of further new securities by us, or the perception that such sales or issues may occur, could materially affect the market price of the Shares. These factors also affect our ability to sell additional equity securities at a time and at a price favourable to us. Except as otherwise described in “*Plan of Distribution – No Sale of Similar Securities and Lock-up*” and “*Business – Our Services – Franchise Arrangements – Regional MFA – Consent of Realogy and MFA Consent Undertakings*”, there will be no restriction on the ability of our Shareholders to sell their Shares either on the SGX-ST or otherwise.

***The Shares have never been publicly traded and the Offering may not result in an active or liquid market for the Shares.***

Prior to the Offering, there had been no public market for the Shares and an active public market for the Shares may not develop or be sustained after the Offering. The trading price of the Shares may fluctuate after the Offering due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors,

volatility in the Singapore and global securities markets and the performance of the Singapore economy. Therefore, we cannot predict the extent to which a trading market will develop or how liquid that market might become. We cannot assure you that an active trading market for the Shares will develop or, if developed, will be sustained, or that the trading price for the Shares will not decline below the Offering Price. If an active trading market is not developed or sustained, the liquidity and trading price of the Shares could be materially and adversely affected. While we have received a letter of eligibility from the SGX-ST to have the Shares listed and quoted on the SGX-ST, this should not be taken as an indication of the merits of the Offering, our Company or the Shares, and the listing and quotation of the Shares does not guarantee that a trading market for the Shares will develop or, if a market does develop, the liquidity of that market for the Shares. Although we currently intend that the Shares will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Shares.

***The market price of the Shares may fluctuate after the Offering.***

If you purchase and/or subscribe for Shares in the Offering, it is likely that in order to realise a gain on your investment, the price of the Shares will have to appreciate. However, this may not occur. The market price of the Shares may be volatile and could fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:

- variations in our operating results;
- success or failure of our management team in implementing business and growth strategies;
- gain or loss of any important business relationship;
- changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;
- the operating and share price performance of other companies;
- the liquidity of the market for the Shares;
- differences between our actual financial operating results and those expected by investors and analysts;
- changes in accounting principles or other developments affecting us, our customers or our competitors;
- additions or departures of key personnel;
- changes in general market conditions and broad market fluctuations;
- negative publicity; and
- involvement in litigation.

These fluctuations may be exaggerated if the trading volume of the Shares is low. Volatility in the price of the Shares may be unrelated or disproportionate to our results of operations. It may be difficult to assess our performance against either domestic or international benchmarks.

Any of the factors listed above could adversely affect the price of the Shares and you may not be able to resell your Shares at a price that is attractive to you, or at all.

***You may have difficulty in serving us with legal process or enforcing judgments against our Company or our Directors outside Singapore.***

We are a limited liability company incorporated in Singapore and a substantial portion of our assets are, due to their nature, not located in any fixed place. As a result, it may be difficult or impossible for investors to effect service of process upon us or our Directors and management outside Singapore if they believe that their rights have been infringed under securities laws or otherwise. Even if investors are successful in bringing an action of this kind, the laws of Singapore and of other jurisdictions may prevent or restrict investors from enforcing a judgment against our assets or against our Directors and management.



***Singapore take-over laws contain provisions which may vary from those in other jurisdictions.***

We are subject to the Singapore Code on Take-Overs and Mergers (the “**Singapore Take-Over Code**”). The Singapore Take-Over Code contains certain provisions that may possibly delay, deter or prevent a future take-over or change in control of our Company. Under the Singapore Take-Over Code, except with the consent of the Securities Industry Council of Singapore, any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30.0% or more of the Shares is required to extend a take-over offer for our remaining Shares in accordance with the Singapore Take-Over Code. Except with the consent of the Securities Industry Council of Singapore, such a take-over offer is also required to be made if a person holding between 30.0% and 50.0% (both inclusive) of the Shares, either on his own or together with parties acting in concert with him, acquires additional voting Shares representing more than 1.0% of our voting Shares in any six-month period. While the Singapore Take-Over Code seeks to ensure an equality of treatment among shareholders, its provisions could substantially impede the ability of the shareholders to benefit from a change of control and, as a result, may adversely affect the market price of the Shares and the ability to realise any benefit from a potential change of control.

Additionally, Mr. Tan Choon Hong, PGA Realty and APRH will, either directly or indirectly, as the case may be, own approximately 74.7% of our share capital immediately after the completion of the Restructuring, the Offering and the issue of the Cornerstone Shares (assuming the Over-allotment Option is not exercised) and approximately 72.0% of our share capital (assuming the Over-allotment Option is exercised in full). This concentration of ownership could delay, defer or prevent a change in control of our Company or a successful offer under the Singapore Take-Over Code by another person.

In addition, as described in “– *The ERA brand is very important to our business and success, and we are subject to certain restrictive provisions under our franchise agreements*”, the prior written consent of Realogy is required in the event that APRH’s ownership of the Shares, PGA Realty’s ownership of the Class A voting shares of APRH or Mr. Tan Choon Hong’s ownership of the shares of PGA Realty is diluted to below 51.0%. While the Regional MFA provides that such consent of Realogy is not to be unreasonably withheld or delayed and for Realogy to review matters submitted for its consent in good faith and to provide its consent without undue delay or condition, there is no assurance that Realogy’s consent will be obtained or that such requirement to obtain Realogy’s prior written consent will not delay, defer or prevent a change in control of our Company or a successful offer under the Singapore Take-Over Code by another person.

***Overseas Shareholders may not be able to participate in future rights offerings or certain other equity issues by us.***

In relation to any rights issue of Shares, we may, in our absolute discretion, elect not to extend an offer of the Shares under a rights issue to those Shareholders whose addresses, as registered with CDP or recorded in our register of members, are outside Singapore.

If we offer, or cause to be offered, to our Shareholders rights to subscribe for additional Shares or any rights of any other nature, we will have discretion as to the procedure to be followed in making such rights available to our Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to such Shareholders.

The rights or interests to the Shares to which such Shareholders would have been entitled will be offered for sale and sold in such manner, at such price and on such other terms and conditions as we may determine, subject to such other terms and conditions as we may impose. The proceeds of any such sale, if successful, will be paid to the Shareholders whose rights or interests have been so sold, provided that where such proceeds payable to the relevant Shareholders are less than S\$10 (or such other amount which we may from time to time determine in accordance with applicable laws), we are entitled to retain and apply such proceeds as we may in our absolute discretion decide. The shareholding of the relevant Shareholders may be diluted as a result of such sale.

***We may be constrained from paying dividends on the Shares from time to time.***

We are not legally or contractually required to pay dividends and any determination to pay dividends in the future will be entirely at the discretion of our Board, taking into consideration a number of factors including our level of cash and reserves, results of operations, business prospects, capital requirements and surplus, general financial condition, contractual restrictions, the absence of any

circumstances which might reduce the amount of reserves available to pay dividends, and other factors considered relevant by our Board, including our expected financial performance. See “*Dividends – Dividend Policy*”. We may not be able to pay dividends in the future if we are unable to successfully implement our strategy or if there are adverse developments to our business as a result of competitive, regulatory, general economic conditions, demand and other factors specific to our industry, many of which are beyond our control. In addition, while there is currently no such prohibition under the term loan from DBS Bank Ltd. described in “*Management’s Discussion and Analysis of Results of Operations and Financial Position – Description of Material Indebtedness*”, debt agreements which we may enter into in the future may limit or prohibit, among other things, the ability of our subsidiaries to make distributions to us and thus our ability to pay dividends to our Shareholders.



## DIVIDENDS

*Statements contained in this section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those which may be forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. See “Notice to Investors – Forward-looking Statements”.*

### PAST DIVIDENDS

Our Company did not declare or pay dividends in each of FY2014 and FY2016. For FY2015, our Company paid dividends to our Shareholder of approximately S\$0.354 per Share (before adjusting for the Share Split) or approximately S\$0.080 (after adjusting for the Share Split).

### DIVIDEND POLICY

Our Company currently does not have a fixed dividend policy. The declaration and payment of future dividends may be recommended by our Board at their discretion, after considering a number of factors, including our level of cash and reserves, results of operations, business prospects, capital requirements and surplus, general financial condition, contractual restrictions, the absence of any circumstances which might reduce the amount of reserves available to pay dividends, and other factors considered relevant by our Board, including our expected financial performance.

However, our Board intends to recommend and distribute dividends of at least 50% of our net profit after tax (excluding exceptional items) for the period from the Listing Date to 31 December 2017 and FY2018, as we wish to reward our Shareholders for participating in our Group's growth. Investors should note that the foregoing statements are merely statements of our present intention and shall not constitute legally binding obligations on our Company or legally binding statements in respect of our future dividends (including those proposed for the period from the Listing Date to 31 December 2017 and for FY2018), which may be subject to modification (including reduction or non-declaration thereof) in our Directors' sole and absolute discretion. Investors should also not treat the proposed dividends for the period from the Listing Date to 31 December 2017 and for FY2018 as an indication of our future dividend policy.

Any final dividends we declare must be approved by an ordinary resolution of our Shareholders at a general meeting. All dividends must be paid out of our profits available for distribution. We are not permitted to pay dividends in excess of the amount recommended by our Board. Our Board may, without the approval of our Shareholders, also declare interim dividends.

We cannot assure you that dividends will be paid in the future or as to the timing of any dividends that are to be paid in the future. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends.

## CAPITALISATION AND INDEBTEDNESS

The table below sets forth the capitalisation and indebtedness of our Group as at 31 July 2017:

- on an actual basis; and
- as adjusted to reflect the issue of the New Shares and the Cornerstone Shares at the Offering Price and the application of the net proceeds from the Offering and the issue of the Cornerstone Shares due to us in the manner described in “*Use of Proceeds*”.

You should read this table in conjunction with “*Use of Proceeds*”, “*Selected Consolidated Financial Information*”, “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” and our consolidated financial statements and related notes thereto included elsewhere in this Prospectus.

	<b>As at 31 July 2017</b>	
	<b>Actual</b>	<b>Adjusted<sup>(1)</sup></b>
	(S\$ million)	
<b>Cash and bank balances</b>	<b>25.0</b>	<b>52.1</b>
<b>Indebtedness</b>		
Current loans and borrowings		
Secured and guaranteed	-	-
Unsecured and unguaranteed	8.3	8.3
Non-current loans and borrowings		
Secured and guaranteed	-	-
Unsecured and unguaranteed	-	-
<b>Total indebtedness</b>	<b>8.3</b>	<b>8.3</b>
<b>Shareholders’ equity:</b>		
Share capital	70.7	99.0
Other reserves	-	-
Retained earnings	23.4	22.2
<b>Total shareholders’ equity</b>	<b>94.1</b>	<b>121.2</b>
<b>Total capitalisation and indebtedness</b>	<b>102.4</b>	<b>129.5</b>

**Note:**

- (1) Adjusted to reflect the issue of 4,796,500 New Shares and 39,321,200 Cornerstone Shares at the Offering Price and the application of the net proceeds from the Offering and the issue of the Cornerstone Shares due to us in the manner described in “*Use of Proceeds*”, after deducting our share of the underwriting commissions and other estimated expenses payable by us in relation to the Offering and the issue of the Cornerstone Shares (but excluding discretionary incentive fees which we may pay and GST).

## USE OF PROCEEDS

Based on the Offering Price of S\$0.66 for each Offering Share and Cornerstone Share, the estimated net proceeds from the Offering and issue of the Cornerstone Shares (after deducting underwriting commissions and estimated offering expenses payable by us and the Vendor but excluding any discretionary incentive fees and assuming the Over-allotment Option is not exercised) will be approximately S\$55.0 million, of which approximately S\$27.1 million will be due to us.

We will not receive any proceeds from the sale of the Vendor Shares by the Vendor, nor will we receive any proceeds from the exercise of the Over-allotment Option granted by the Vendor.

### USE OF PROCEEDS

We intend to use the net proceeds due to us from the Offering and the issue of the Cornerstone Shares primarily for the following purposes:

- for strengthening and expanding our presence in Singapore (see “*Business – Strategies – Strengthen and expand our presence in Singapore*”);
- for expanding our range of services and geographical presence in the Asia-Pacific region (see “*Business – Strategies – Expand our range of services and geographical presence in the Asia-Pacific region*”);
- for enhancing our technological capabilities (see “*Business – Strategies – Enhance our technological capabilities*”); and
- for general corporate and working capital purposes.

For each Singapore dollar of the gross proceeds due to us from the Offering and the issue of the Cornerstone Shares, we intend to use the following amounts for the purposes set out below:

Application	S\$ in millions	As a dollar amount for each S\$1.00 of the gross proceeds due to us from the Offering and the issue of the Cornerstone Shares (S\$)
For strengthening and expanding our presence in Singapore .....	10.0	0.34
For expanding our range of services and geographical presence in the Asia-Pacific region .....	10.0	0.34
For enhancing our technological capabilities .....	5.0	0.17
For general corporate and working capital purposes .....	2.0	0.07
For payment of underwriting commissions and offering expenses .....	2.1	0.07
<b>Gross proceeds due to us from the Offering and the issue of the Cornerstone Shares .....</b>	<b>29.1</b>	<b>1.00</b>

The foregoing represents our best estimate of our allocation of the proceeds due to us from the Offering and the issue of the Cornerstone Shares based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and we may find it necessary or advisable to re-allocate our net proceeds within the categories described above or use portions of our net proceeds for other purposes. In the event that we decide to re-allocate our net proceeds or use portions of it for other purposes, we will publicly announce our intention to do so through a SGXNET announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>.

Pending the use of the net proceeds in the manner described above, we may also use the net proceeds for working capital, place the funds in short-term deposits with banks and financial institutions or use the funds to invest in short-term money market instruments, as our Directors may deem appropriate in their absolute discretion.

We will make periodic announcements on the use of proceeds as and when material amounts of proceeds from the Offering and the issue of the Cornerstone Shares are disbursed, and provide a status report on the use of proceeds in our annual report.

## EXPENSES

We estimate that the costs and expenses payable by us in connection with the Offering and the issue of the Cornerstone Shares and the application for Listing, including underwriting commissions and all other incidental expenses relating to the Offering and the issue of the Cornerstone Shares (but excluding discretionary incentive fees which we may pay, and underwriting commissions, professional fees and expenses attributable to and payable by the Vendor) will be approximately S\$2.1 million. A breakdown of these estimated expenses is as follows:

	Estimated Expenses <sup>(5)</sup> (S\$ million)	As a percentage of the gross proceeds from the Offering and the issue of the Cornerstone Shares <sup>(4)</sup>
Underwriting commissions <sup>(1)</sup> .....	0.7	1.2%
Professional fees <sup>(2)</sup> .....	0.9	1.5%
Miscellaneous expenses <sup>(3)</sup> .....	0.5	0.8%
Total .....	2.1	3.5%

### Notes:

- (1) The underwriting commissions (excluding any discretionary incentive fees and GST) payable by us in connection with the Offering and the issue of the Cornerstone Shares is 2.5% of the gross proceeds due to us from the Offering and the issue of the Cornerstone Shares. In the event that we pay the maximum amount of the discretionary incentive fees (as described below), such fee will amount to 0.5% of the gross proceeds due to us from the Offering and the issue of the Cornerstone Shares, excluding GST.
- (2) Includes solicitors' fees and fees for the Independent Auditors and Reporting Accountants, the Independent Market Research Consultant and other professionals' fees (but does not include professional fees attributable to and payable by the Vendor).
- (3) Includes the cost of the production of this Prospectus, roadshow expenses and certain other expenses incurred or to be incurred in connection with the Offering and the issue of the Cornerstone Shares (but does not include expenses attributable to and payable by the Vendor).
- (4) Assuming that the Over-allotment Option is not exercised.
- (5) Excluding GST.

We will pay the Sole Issue Manager, Bookrunner and Underwriter, as compensation for their services in connection with the Offering, underwriting fees equal to 2.5% of the amount equal to the aggregate value of the New Shares and the Cornerstone Shares at the Offering Price. These underwriting fees will amount to approximately S\$0.02 for each New Share and Cornerstone Share, excluding GST.

The Vendor will pay the Sole Issue Manager, Bookrunner and Underwriter, as compensation for their services in connection with the Offering, underwriting fees equal to 2.5% of the amount equal to (i) the aggregate value of the Vendor Shares and (ii) if the Over-allotment Option is exercised, the aggregate value of the Additional Shares which are the subject of such exercise at the Offering Price. The professional and other Offering-related expenses which are payable by the Vendor (excluding underwriting fees and any discretionary incentive fees) are estimated to amount to approximately S\$0.5 million.

We and the Vendor may, in our sole discretion, pay the Sole Issue Manager, Bookrunner and Underwriter an incentive fee of up to 0.5% of the amount equal to the aggregate value of the Offering Shares, the Cornerstone Shares and the Additional Shares (if any). The additional incentive fee, if it is to be paid to the Sole Issue Manager, Bookrunner and Underwriter, will be paid by us and the Vendor in proportion to the number of Offering Shares, Cornerstone Shares and Additional Shares (as the case may be) issued or sold by us and the Vendor respectively, and will amount to up to S\$0.003 (exclusive of GST) for each Offering Share, Cornerstone Share and Additional Share (if any).

Purchasers and/or subscribers of the Placement Shares will be required to pay to the Sole Issue Manager, Bookrunner and Underwriter a brokerage fee of up to 1.0% of the Offering Price, as well as stamp duty and other similar charges to the relevant authorities in accordance with the laws and practices of the country of subscription and/or purchase, at the time of settlement.

See “*Plan of Distribution*” for further details.

## DILUTION

If you invest in the Offering Shares, your interest will be diluted to the extent of the difference between the Offering Price per Offering Share and the NAV per Share immediately after the completion of the Offering and the issue of the Cornerstone Shares. Dilution is determined by subtracting the NAV per Share immediately after the completion of the Offering and the issue of the Cornerstone Shares from the Offering Price paid by the new investors. NAV per Share is determined by subtracting total liabilities and minority interests from total assets, and dividing the difference by the number of Shares deemed to be outstanding on the date as at which the book value is determined. The NAV per Share of our Company as at 31 March 2017 (after adjusting for the Share Split) was S\$0.267 per Share.

The Offering Price of S\$0.66 exceeds the pro forma NAV of S\$0.31 per Share as at 31 March 2017 (after adjusting for the Share Split and the issue of the New Shares and the Cornerstone Shares) by approximately 113.2%. Since the Offering Price per Share exceeds the NAV per Share immediately after the Offering and the issue of the Cornerstone Shares, there would be an immediate and substantial dilution to investors in the Offering Shares.

The following table illustrates this per Share dilution:

Offering Price per Share .....	S\$0.66
NAV per Share as at 31 March 2017, as adjusted for the Share Split.....	S\$0.267
Pro forma NAV per Share as at 31 March 2017, as adjusted for the Share Split and the issue of the New Shares and the Cornerstone Shares .....	S\$0.31
Dilution in pro forma NAV per Share to new investors .....	S\$0.35
Percentage dilution in pro forma NAV per Share to new investors .....	53.1%

None of our Directors, Substantial Shareholders or their associates has acquired Shares during the three years prior to the lodgement of this Prospectus.



## EXCHANGE RATES AND EXCHANGE CONTROLS

### EXCHANGE RATES

The table below sets forth, for the periods indicated, information concerning the exchange rates between Singapore dollars and U.S. dollars (in Singapore dollars per U.S. dollar). The average rates for the annual figures were determined using the average of the exchange rates at the last day of each month during the year indicated. No representation is made that the U.S. dollar or Singapore dollar amounts referred to herein actually represent such U.S. dollar or Singapore dollar amounts, as the case may be, or could have been or could be converted into U.S. dollars or Singapore dollars at the rates indicated, at any other rate, or at all.

	Singapore dollar/U.S. dollar <sup>(1)</sup>		
	Average	High	Low
2013 .....	1.2511	1.2838	1.2205
2014 .....	1.2673	1.3255	1.2368
2015 .....	1.3747	1.4328	1.3174
2016 .....	1.3807	1.4509	1.3373
2017 (until the Latest Practicable Date) .....	1.3939	1.4507	1.3536
March 2017 .....	1.4050	1.4205	1.3934
April 2017 .....	1.3985	1.4051	1.3927
May 2017 .....	1.3948	1.4117	1.3819
June 2017 .....	1.3837	1.3902	1.3761
July 2017 .....	1.3708	1.3848	1.3553
August 2017 .....	1.3608	1.3669	1.3536
1 September 2017 to the Latest Practicable Date <sup>(2)</sup> .....	1.3571	1.3572	1.3570

#### Notes:

- (1) Source: Bloomberg L.P. Bloomberg L.P. has not provided its consent, for the purposes of Section 249 of the SFA, to the inclusion of the exchange rate quoted above in this Prospectus, and is thereby not liable for such information under Sections 253 and 254 of the SFA. While we, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the above exchange rate has been reproduced in its proper form and context, neither we, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter nor any other party has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.
- (2) As at the Latest Practicable Date, the exchange rate between Singapore dollars and U.S. dollars was US\$1.00 to S\$1.3572.

### EXCHANGE CONTROLS

#### Singapore

There are no exchange control restrictions in effect in Singapore.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected consolidated financial data should be read in conjunction with “Management’s Discussion and Analysis of Results of Operations and Financial Position”, our audited consolidated financial statements for FY2014, FY2015 and FY2016, our unaudited interim consolidated financial statements for 1Q2016 and 1Q2017, the accompanying notes and the related auditor’s reports included elsewhere in this Prospectus.

### SELECTED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	FY2014	FY2015	FY2016	1Q2016	1Q2017
	(S\$’000) (audited)	(S\$’000) (audited)	(S\$’000) (audited)	(S\$’000) (unaudited)	(S\$’000) (unaudited)
<b>Revenue</b>	213,274	229,529	284,368	55,058	65,947
Other revenue	4,917	3,057	3,381	1,074	1,218
<b>Total revenue</b>	218,191	232,586	287,749	56,132	67,165
<b>Costs and expenses</b>					
Cost of services	183,363	201,331	247,894	48,593	56,996
Personnel cost	8,657	9,666	10,807	2,446	2,603
Marketing and promotion expenses	709	884	1,252	424	181
Depreciation of plant and equipment	348	641	692	178	127
Amortisation of intangible assets	932	932	932	233	233
Impairment loss on goodwill	582	—	—	—	—
Allowance for doubtful debts provided/(written back)					
- trade	2,107	1,493	1,101	389	1,088
- non-trade	13	(7)	(5)	—	—
Other operating expenses	5,672	6,152	5,875	1,265	1,043
Finance costs	1,117	1,167	1,122	397	141
	203,500	222,259	269,670	53,925	62,412
<b>Profit before tax</b>	14,691	10,327	18,079	2,207	4,753
Income tax expense	(2,450)	(1,841)	(2,197)	(281)	(722)
<b>Profit for the year/period</b>	12,241	8,486	15,882	1,926	4,031
<b>Earnings per Share (cents)</b>					
Basic and diluted <sup>(1)</sup>	3.94	2.73	5.11	0.62	1.30
Adjusted <sup>(2)</sup>	3.45	2.39	4.47	0.54	1.13

#### Notes:

- (1) For comparative purposes, the basic and diluted earnings per Share have been computed based on our share capital of 311,080,000 Shares (after adjusting for the Share Split) prior to the completion of the Offering and the issue of the Cornerstone Shares.

The increase in basic and diluted earnings per Share from 2.73 cents in FY2015 to 5.11 cents in FY2016 was mainly due to the increase in brokerage income from the resale and rental of properties due to higher resale market transactions and higher rental market transactions in Singapore and the increase in brokerage income from new home sales due to higher sales of private residential properties and executive condominiums in Singapore, as described in “Management’s Discussion and Analysis of Results of Operations and Financial Position – Review of Past Operating Performance – FY2015 vs FY2016”.

- (2) For comparative purposes, the adjusted earnings per Share have been computed based on our share capital of 355,197,700 Shares (after adjusting for the Share Split) immediately after the completion of the Offering and the issue of the Cornerstone Shares.

## SELECTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December			As at 31 March
	2014	2015	2016	2017
	(S\$'000) (audited)	(S\$'000) (audited)	(S\$'000) (audited)	(S\$'000) (unaudited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment	1,075	2,142	1,436	1,370
Intangible assets	103,185	102,253	101,320	101,087
Fixed deposits	100	400	400	400
	104,360	104,795	103,156	102,857
<b>Current assets</b>				
Trade receivables	25,811	33,603	47,808	49,103
Other receivables	1,463	1,080	1,333	1,411
Amount due from a related party	—	16	24	32
Prepaid operating expenses	347	940	270	272
Cash and bank balances	18,196	14,216	17,747	10,126
	45,817	49,855	67,182	60,944
<b>Total assets</b>	150,177	154,650	170,338	163,801
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables and accruals	35,050	38,995	55,643	53,925
Other payables	3,995	5,443	6,967	6,229
Deferred income	1,358	1,696	1,728	1,298
Loan and borrowing	500	6,000	6,000	6,000
Provision for taxation	4,163	3,382	4,451	4,809
	45,066	55,516	74,789	72,261
<b>Net current assets/(liabilities)</b>	751	(5,661)	(7,607)	(11,317)
<b>Non-current liabilities</b>				
Loan and borrowing	20,500	31,000	12,000	4,000
Deferred taxation	5,113	5,138	4,672	4,632
	25,613	36,138	16,672	8,632
<b>Total liabilities</b>	70,679	91,654	91,461	80,893
<b>Net assets</b>	79,498	62,996	78,877	82,908
<b>Equity attributable to equity holder of our Company</b>				
Share capital	70,700	70,700	70,700	70,700
Other reserves	8,798	(7,704)	8,177	12,208
<b>Total equity</b>	79,498	62,996	78,877	82,908

## SELECTED CONSOLIDATED STATEMENT OF CASH FLOW

	FY2014	FY2015	FY2016	1Q2016	1Q2017
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Net cash generated from operating activities	18,246	7,116	22,672	2,215	440
Net cash used in investing activities	(721)	(2,096)	(141)	(14)	(61)
Net cash used in financing activities	(13,500)	(9,000)	(19,000)	(6,300)	(8,000)
Net increase/(decrease) in cash and cash equivalents	4,025	(3,980)	3,531	(4,099)	(7,621)
<b>Cash and cash equivalents at beginning of year/period</b>	<b>14,171</b>	<b>18,196</b>	<b>14,216</b>	<b>14,216</b>	<b>17,747</b>
<b>Cash and cash equivalents at end of year/period</b>	<b>18,196</b>	<b>14,216</b>	<b>17,747</b>	<b>10,117</b>	<b>10,126</b>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION**

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the section entitled "Selected Consolidated Financial Information" and our consolidated financial statements and the related notes included elsewhere in this Prospectus.*

*This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance and they involve risks and uncertainties. Our actual results may differ significantly from those anticipated in the forward-looking statements as a result of any number of factors, including those set forth in this section and under the sections entitled "Risk Factors" and "Notice to Investors – Forward-Looking Statements". Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in the section entitled "Risk Factors". Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. See "Risk Factors" and "Notice to Investors – Forward-Looking Statements" for more information.*

### **OVERVIEW**

We are a leading real estate services provider which operates a market-leading real estate brokerage in Singapore under the ERA brand.

We operate in three main segments:

#### **Real estate brokerage services**

Our real estate brokerage services are operated by our wholly-owned subsidiary ERA Realty under the ERA brand. ERA Realty is one of Singapore's largest real estate agencies with 6,223 agents registered with the industry's regulator, the CEA, as at 31 March 2017. We believe that ERA Realty is the industry pioneer with a solid track record of 35 years of growth, innovative contributions and service excellence in Singapore.

#### **Franchise arrangements**

We hold the exclusive ERA regional master franchise rights for the Territories in the Asia-Pacific region, acquired from Realogy pursuant to the Regional MFA.

We have licensed the ERA brand and the use of certain ERA Marks to sub-franchisees in Japan, Korea, Taiwan, Thailand, Malaysia, Vietnam and Indonesia, and also to our subsidiary ERA Singapore in Singapore. Our sub-franchisees are the ERA master franchisors for their territory and may in such capacity appoint sub-franchisees and ERA Member Brokers. ERA Singapore, as the ERA master franchisor for Singapore, has appointed ERA Realty as an ERA Member Broker.

We also hold 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 March 2017, through our wholly-owned subsidiary Coldwell Banker Singapore, we have 21 Coldwell Banker Member Brokers in Singapore which collectively have over 100 agents registered with them.

#### **Training, valuation and other ancillary services**

Our wholly-owned subsidiary RIA operates training programmes and courses for real estate agents in preparation for professional certification exams and as part of CPD regulations. RIA is an Approved Course Provider appointed by the CEA. 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.

### **KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our results of operations are affected by the following key factors:

- (a) general economic and financial market conditions which will have an impact on the general demand for real estate and real estate brokerage services from our customers;

- (b) changes in government policies governing real estate transactions in the jurisdictions in which we have a presence, in particular Singapore;
- (c) number of competitors and the level of competition which will impact our market share and profit margins;
- (d) our ability to adapt to changes in our agents' expectations and changes in industry standards through the development of new commission structures or enhancement of existing commission structures, which is consequential to our ability to retain our existing agent base and to grow our market share;
- (e) revenue contribution by different business segments, as our gross profit margin for each business segment differs; and
- (f) our ability to adapt to new technological trends and adopt new technological tools to enhance the efficiency of our agents.

## REVENUE

Revenue derived from our real estate brokerage services include brokerage income from the brokerage of (a) resale and rental of residential, commercial and industrial properties and (b) new home sales. Our other revenue includes merchandise sales, training fees from courses conducted, property valuation fees, property management fees, consultancy services fees, franchise fees, rental income and others.

Brokerage income and service fees are recognised on the completion of services rendered. Merchandise sales are recognised when the significant risks and rewards have been transferred to the buyer. Revenue from training fees, property valuation fees and property management fees are recognised when these services have been rendered. Other operating revenue comprises, among others, incentive, referral and administration fee income and professional indemnity insurance fees, which are recognised over the period to which the contract relates.

The following table shows the breakdown of our revenue by business segments for the periods indicated:

Revenue	Audited						Unaudited			
	FY2014		FY2015		FY2016		1Q2016		1Q2017	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Brokerage income from resale and rental of properties	152,616	69.9	183,246	78.8	213,680	74.3	42,286	75.4	49,929	74.4
Brokerage income from new home sales	56,400	25.9	41,062	17.7	65,448	22.7	11,636	20.7	15,002	22.3
<b>Total brokerage income</b>	<b>209,016</b>	<b>95.8</b>	<b>224,308</b>	<b>96.5</b>	<b>279,128</b>	<b>97.0</b>	<b>53,922</b>	<b>96.1</b>	<b>64,931</b>	<b>96.7</b>
Merchandise sales	733	0.3	726	0.3	479	0.2	77	0.1	71	0.1
Training	1,546	0.7	1,675	0.7	1,935	0.7	409	0.7	295	0.4
Property valuation	895	0.4	1,408	0.6	1,551	0.5	309	0.6	264	0.4
Property management	632	0.3	793	0.3	837	0.3	216	0.4	232	0.4
Franchise	445	0.2	611	0.3	412	0.1	124	0.2	152	0.2
Rental	2,172	1.0	1,381	0.6	1,417	0.5	352	0.6	325	0.5
Other operations	2,752	1.3	1,684	0.7	1,990	0.7	723	1.3	895	1.3
<b>Total Revenue</b>	<b>218,191</b>	<b>100.0</b>	<b>232,586</b>	<b>100.0</b>	<b>287,749</b>	<b>100.0</b>	<b>56,132</b>	<b>100.0</b>	<b>67,165</b>	<b>100.0</b>



The following table shows the breakdown of our revenue by geographical segments for the periods indicated:

Revenue	Audited						Unaudited			
	FY2014		FY2015		FY2016		1Q2016		1Q2017	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Singapore	217,739	99.8	231,968	99.7	287,331	99.9	56,007	99.8	67,012	99.8
Others <sup>(1)</sup>	452	0.2	618	0.3	418	0.1	125	0.2	153	0.2
<b>Total Revenue</b>	<b>218,191</b>	<b>100.0</b>	<b>232,586</b>	<b>100.0</b>	<b>287,749</b>	<b>100.0</b>	<b>56,132</b>	<b>100.0</b>	<b>67,165</b>	<b>100.0</b>

**Note:**

- (1) Others mainly relate to royalty income from our sub-franchisees in Indonesia, Japan, Korea, Malaysia, Taiwan and Thailand.

See “Risk Factors” for further details of the risk affecting our business operations.

## COST OF SERVICES

The following table shows the breakdown of our cost of services by business segments:

Cost of Services	Audited						Unaudited			
	FY2014		FY2015		FY2016		1Q2016		1Q2017	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Brokerage services	182,648	99.6	200,369	99.5	246,905	99.6	48,321	99.4	56,821	99.7
Merchandise sales	135	0.1	213	0.1	226	0.1	99	0.2	24	0.0
Training	309	0.2	410	0.2	450	0.2	90	0.2	62	0.1
Property valuation	29	0.0	52	0.0	58	0.0	13	0.0	9	0.0
Property management	3	0.0	0	0.0	5	0.0	0	0.0	0	0.0
Franchise	233	0.1	284	0.2	249	0.1	70	0.2	80	0.2
Other operations	6	0.0	3	0.0	1	0.0	0	0.0	0	0.0
<b>Total Cost of Services</b>	<b>183,363</b>	<b>100.0</b>	<b>201,331</b>	<b>100.0</b>	<b>247,894</b>	<b>100.0</b>	<b>48,593</b>	<b>100.0</b>	<b>56,996</b>	<b>100.0</b>

Our cost of services generally increases in line with the increase in our revenue, except for merchandise sales and property management, which are dependent on the sales mix of different merchandise products and personnel cost respectively.

The key components of our cost of brokerage services include the following:

(a) *Associate expenses*

Associate expenses consist of the commissions paid to agents who brokered real estate transactions. The agents receive commission of up to 90% of the commission paid to us for the brokerage of resale, rental and new home sales transactions. The commission rate payable to each agent is dependent on performance, as measured by the cumulative commission earned by each such agent over time.

(b) *Management commissions*

Management commissions consist of payments to managers and division directors who manage a group of agents within a division.

(c) *Co-broking fees*

Co-broking fees consist of the commissions paid to external real estate agencies whose agents are involved in brokering the same real estate transaction together with our agents.

## GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit represents revenue earned by our Group after deducting the cost of services and direct expenses attributable to the sales.

The following table shows the breakdown of our gross profit and gross profit margin by business segments:

	Audited						Unaudited			
	FY2014		FY2015		FY2016		1Q2016		1Q2017	
Gross Profit	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Brokerage	26,368	75.7	23,939	76.6	32,223	80.9	5,601	74.3	8,110	79.8
Merchandise sales	598	1.7	513	1.6	253	0.6	(22)	(0.3)	47	0.4
Training	1,237	3.6	1,265	4.1	1,485	3.7	319	4.2	233	2.3
Property valuation	866	2.5	1,356	4.3	1,493	3.7	296	3.9	255	2.5
Property management	629	1.8	793	2.5	832	2.1	216	2.9	232	2.3
Franchise	212	0.6	327	1.1	163	0.4	54	0.7	72	0.7
Rental	2,172	6.2	1,381	4.4	1,417	3.6	352	4.7	325	3.2
Other operations	2,746	7.9	1,681	5.4	1,989	5.0	723	9.6	895	8.8
<b>Total Gross Profit</b>	<b>34,828</b>	<b>100.0</b>	<b>31,255</b>	<b>100.0</b>	<b>39,855</b>	<b>100.0</b>	<b>7,539</b>	<b>100.0</b>	<b>10,169</b>	<b>100.0</b>

	Audited			Unaudited	
	FY2014	FY2015	FY2016	1Q2016	1Q2017
Gross Profit Margin	%	%	%	%	%
Brokerage	12.6	10.7	11.5	10.4	12.6
Merchandise sales	81.6	70.7	52.8	(28.6)	66.2
Training	80.0	75.5	76.7	78.0	79.0
Property valuation	96.8	96.3	96.3	95.8	96.6
Property management	99.5	100.0	99.4	100.0	100.0
Franchise	47.6	53.5	39.6	43.5	47.4
Rental	100.0	100.0	100.0	100.0	100.0
Other operations	99.8	99.8	99.9	100.0	100.0
<b>Total Gross Profit Margin</b>	<b>16.0</b>	<b>13.4</b>	<b>13.9</b>	<b>13.4</b>	<b>15.1</b>

Our gross profit margin for each business segment differs. The brokerage segment has lower gross profit margins mainly due to commissions paid to agents and external real estate agencies as part of co-broking arrangements. Other business segments have higher gross profit margins as the cost of providing these services are relatively lower primarily because there is no commission to be paid.

Revenue for the franchise segment is derived from franchise income received from our sub-franchisees (excluding ERA Singapore). In comparison, gross profit for the segment is derived after deducting royalty payments to Realogy, which includes that payable based on the franchise income received from ERA Singapore. This results in the fluctuation of gross profit margins.

We had a negative gross profit margin of 28.6% for our merchandising segment in 1Q2016 as a result of promotional activities for selected agents (including giving them free ERA merchandise), as part of our recruitment programme at that time.

## OTHER OPERATING REVENUE

Other operating revenue relates to income from our business conference activities, incentive, referral and administration fee income, professional indemnity insurance fees, interest income, bad debts recovered and wage credit income. Other operating revenue represented approximately 1.3%, 0.7%, 0.7%, 1.3% and 1.3% of our revenue in FY2014, FY2015, FY2016, 1Q2016 and 1Q2017 respectively.

## OPERATING EXPENSES

The following table shows the changes in our total operating expenses as compared to the changes in our revenue for the periods indicated.

	Audited			Unaudited	
	FY2014 S\$'000	FY2015 S\$'000	FY2016 S\$'000	1Q2016 S\$'000	1Q2017 S\$'000
Total operating expenses	20,137	20,928	21,776	5,332	5,416
Changes in total operating expenses (%)	-	3.9%	4.1%	-	1.6%
Total revenue	218,191	232,586	287,749	56,132	67,165
Change in revenue (%)	-	6.6%	23.7%	-	19.7%

Our operating expenses include personnel costs, marketing and promotion expenses, finance costs, depreciation of plant and equipment, amortisation of intangible assets and other operating expenses. These represented approximately 9.2%, 9.0%, 7.6%, 9.5% and 8.1% of our revenue in FY2014, FY2015, FY2016, 1Q2016 and 1Q2017 respectively.

Personnel costs accounted for approximately 43.0%, 46.2%, 49.6%, 45.9% and 48.1% of operating expenses in FY2014, FY2015, FY2016, 1Q2016 and 1Q2017 respectively. Our personnel costs comprise mainly salaries, bonus, employer's contribution to defined contribution plans, staff welfare and benefits.

Marketing and promotion expenses accounted for approximately 3.5%, 4.2%, 5.7%, 8.0% and 3.3% of operating expenses in FY2014, FY2015, FY2016, 1Q2016 and 1Q2017 respectively. Marketing and promotion expenses comprise mainly recruitment incentives and advertising expenses.

Finance costs accounted for approximately 5.5%, 5.6%, 5.2%, 7.4% and 2.6% of operating expenses in FY2014, FY2015, FY2016, 1Q2016 and 1Q2017 respectively. Finance costs comprise mainly interest expenses on term loan facilities.

Amortisation of intangible assets, accounted for approximately 4.6%, 4.5%, 4.3%, 4.4% and 4.3% of operating expenses in FY2014, FY2015, FY2016, 1Q2016 and 1Q2017 respectively.

Depreciation of plant and equipment accounted for approximately 1.7%, 3.1%, 3.2%, 3.3% and 2.3% of operating expenses in FY2014, FY2015, FY2016, 1Q2016 and 1Q2017 respectively.

Other operating expenses accounted for approximately 41.7%, 36.4%, 32.0%, 31.0% and 39.4% of operating expenses in FY2014, FY2015, FY2016, 1Q2016 and 1Q2017 respectively. Other operating expenses comprise mainly of rental expenses, allowance for doubtful debts and administrative expenses.

## TAX EXPENSE

Our tax expense for FY2014, FY2015, FY2016, 1Q2016 and 1Q2017 comprised current tax expense and deferred tax expense. Current tax expense is the expected tax payable on the taxable income for FY2014, FY2015, FY2016, 1Q2016 and 1Q2017 using tax rates enacted or substantively enacted at the respective reporting dates, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Our operations which are predominantly in Singapore are subject to corporate tax rate of 17%.

Our tax expense and the effective tax rates for the periods indicated are set out below:

	Audited			Unaudited	
	FY2014	FY2015	FY2016	1Q2016	1Q2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current tax expense	2,445	1,816	2,663	461	762
Deferred tax expense/ (income)	5	25	(466)	(180)	(40)
Tax expense	2,450	1,841	2,197	281	722
Effective tax rate (%)	18.0	17.9	16.9	19.1	17.2

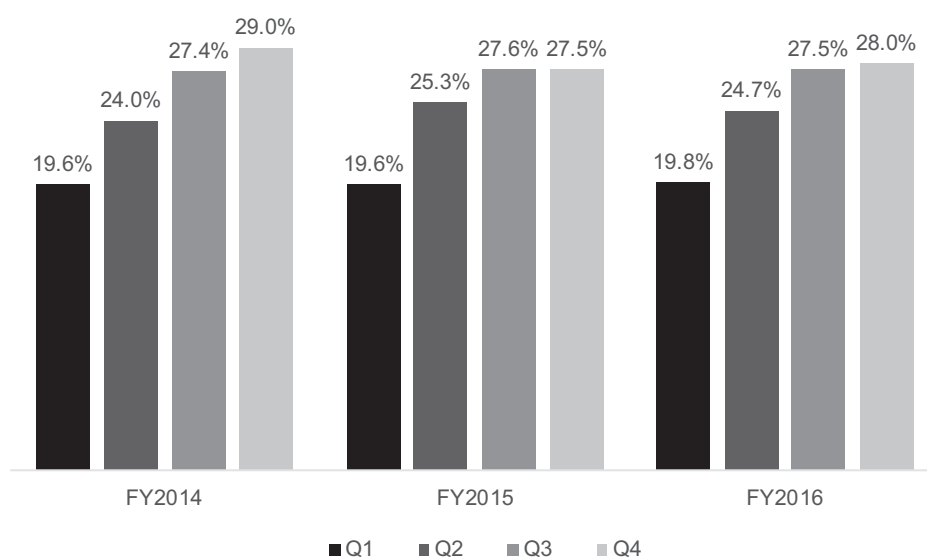
The effective tax rate is derived after taking current year tax expense and deferred tax expense, divided by profit before tax.

The effective tax rates were generally higher than the statutory tax rates, mainly due to the effect of non-tax deductible expenses.

## SEASONALITY

We have observed that our brokerage income contribution for rental and resale transactions is typically stronger in the last two quarters of the year. The lower brokerage income in the first two quarters of the year can be attributable to lower transaction volumes in the year-end and Chinese New Year festive season, and the time lag between the commencement and completion of the transactions. The chart below illustrates our quarterly brokerage income from rental and resale transactions from FY2014 to FY2016.

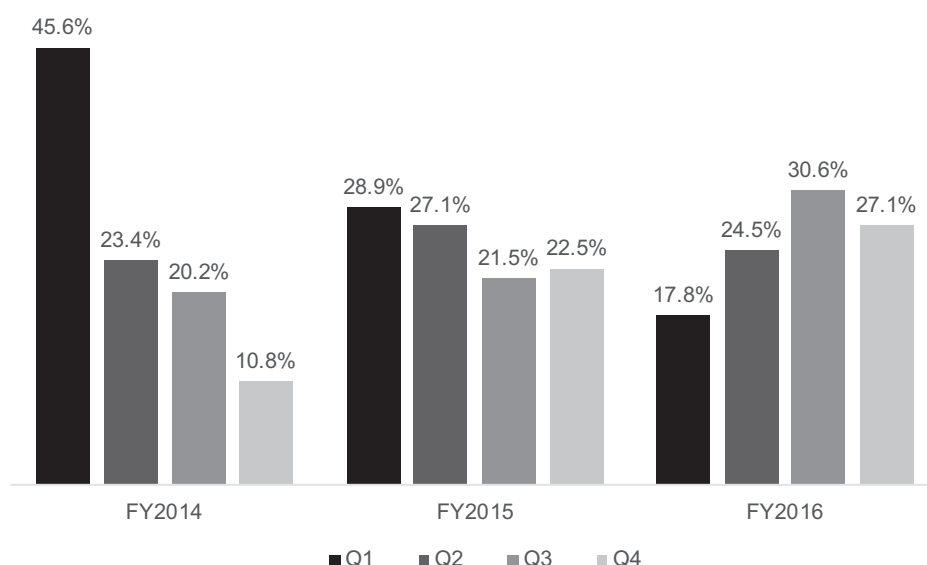
**Historical Quarterly Rental and Resale Brokerage Income from FY2014 to FY2016**



Source: Independent Market Research Report

In contrast to rental and resale transactions, new home sales are also driven by availability of new project launches and new projects for sale. As a result, unlike brokerage income from rental and resale transactions, there is no clear trend for new home sales. The chart below illustrates our quarterly brokerage income from new home sales from FY2014 to FY2016.

**Historical Quarterly New Project Brokerage Income from FY2014 to FY2016**



Source: Independent Market Research Report

## REVIEW OF PAST OPERATING PERFORMANCE

### FY2014 vs FY2015

#### Revenue

Our revenue increased by approximately S\$14.4 million or 6.6%, from S\$218.2 million in FY2014 to S\$232.6 million in FY2015. The increase in revenue was mainly attributable to the following factors:

- (i) brokerage income from the resale and rental of properties increased by approximately S\$30.6 million or 20.1%, from S\$152.6 million in FY2014 to S\$183.2 million in FY2015 due to higher resale market transactions (2015: 25,987; 2014: 21,866)<sup>7</sup> and higher rental market transactions (2015: 111,860; 2014: 99,190)<sup>8</sup> in Singapore; and
- (ii) partial offset by a decrease in brokerage income from new home sales of S\$15.3 million or 27.2%, from S\$56.4 million in FY2014 to S\$41.1 million in FY2015.

<sup>7</sup> Information on private secondary transactions in Singapore obtained from URA REALIS, data accessed on 28 April 2017. Information on HDB resale flats transacted in Singapore was obtained from HDB Resale Statistics, found in ([www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics](http://www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics)), as extracted on 28 April 2017. Each of the URA and the HDB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>8</sup> Information on private residential leases transacted in Singapore obtained from URA REALIS, data accessed on 28 April 2017. Information on number of HDB leases transacted in Singapore was obtained from HDB Rental Statistics as found in ([www.hdb.gov.sg/cs/infoweb/residential/renting-a-flat/renting-from-the-open-market/rental-statistics](http://www.hdb.gov.sg/cs/infoweb/residential/renting-a-flat/renting-from-the-open-market/rental-statistics)), as extracted on 28 April 2017. Each of the URA and the HDB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

### ***Cost of services***

Our cost of services increased by approximately S\$18.0 million or 9.8%, from S\$183.4 million in FY2014 to S\$201.3 million in FY2015, as a result of the increase in our revenue.

### ***Gross profit and gross profit margin***

Gross profit decreased by approximately S\$3.5 million or 10.3%, from S\$34.8 million in FY2014 to S\$31.3 million in FY2015. The decrease was largely attributed to a decrease in brokerage income from new home sales which have a higher gross profit margin offset partially by an increase in brokerage income from resale and rental of properties, which has a lower gross profit margin.

The gross profit margin from our brokerage income decreased from 12.6% in FY2014 to 10.7% in FY2015 due to lower brokerage income from new home sales.

### ***Other operating revenue***

Other operating revenue decreased by approximately S\$1.1 million or 38.8%, from S\$2.8 million in FY2014 to S\$1.7 million in FY2015. The decrease was mainly due to lower income from professional indemnity insurance fees of S\$0.5 million in FY2015 as compared to S\$1.6 million in FY2014.

### ***Operating expenses***

Personnel costs increased by approximately S\$1.0 million or 11.6%, from S\$8.7 million in FY2014 to S\$9.7 million in FY2015 due to an increase in payroll and staff-related expenses. Our average staff headcount increased from 119 in FY2014 to 125 in FY2015.

Marketing and promotion expenses increased by approximately S\$0.2 million or 24.9%, from S\$0.7 million in FY2014 to S\$0.9 million in FY2015. The increase was mainly due to increased marketing and promotion activities, in line with the increase in revenue.

Finance expense increased marginally by approximately S\$0.1 million or 4.5%, from S\$1.1 million in FY2014 to S\$1.2 million in FY2015. Finance expense in FY2014 and FY2015 comprised interest expense from bank borrowings.

Amortisation of intangible assets was approximately S\$0.9 million in each of FY2014 and FY2015.

Depreciation of plant and equipment increased by S\$0.3 million or 83.8%, from S\$0.3 million in FY2014 to S\$0.6 million in FY2015 due to the additional depreciation expense on furniture and fittings for the new office as our headquarters was relocated from Toa Payoh to Mountbatten Square in March 2015.

Other operating expenses (including allowance for doubtful debts and impairment loss on goodwill) decreased by approximately S\$0.8 million or 8.8%, from S\$8.4 million in FY2014 to S\$7.6 million in FY2015. The decrease was mainly due to an impairment loss on goodwill of S\$0.6 million in FY2014 and a decrease in allowance for doubtful debts of S\$0.6 million provided in FY2015, offset by legal fees of S\$0.2 million and bank facility fee of S\$0.4 million in relation to the refinancing of bank loan in FY2015.

Overall, total operating expenses increased by approximately S\$0.8 million or 3.9%, from S\$20.1 million in FY2014 to S\$20.9 million in FY2015.

### ***Profit before tax***

As a result of the foregoing, profit before tax decreased by approximately S\$4.4 million or 29.7%, from S\$14.7 million in FY2014 to S\$10.3 million in FY2015.

### ***Tax expense***

Tax expense decreased by approximately S\$0.6 million or 24.9%, from S\$2.4 million in FY2014 to S\$1.8 million in FY2015. The decrease is mainly due to the decrease in our taxable income. Our effective tax rates for FY2014 and FY2015 were 18.0% and 17.9% respectively.



### ***Profit for the year***

As a result of the foregoing, profit for the year decreased by approximately S\$3.7 million or 30.7%, from S\$12.2 million in FY2014 to S\$8.5 million in FY2015.

### **FY2015 vs FY2016**

#### ***Revenue***

Revenue increased by approximately S\$55.1 million or 23.7%, from S\$232.6 million in FY2015 to S\$287.7 million in FY2016. This was mainly due to the increase in brokerage income from resale and rental of properties of S\$30.5 million or 16.6%, from S\$183.2 million in FY2015 to S\$213.7 million in FY2016 and the increase in brokerage income from new home sales of S\$24.3 million or 59.4%, from S\$41.1 million in FY2015 to S\$65.4 million in FY2016.

The increase in revenue was mainly attributable to the following factors:

- (i) brokerage income from the resale and rental of properties increased due to higher resale market transactions (2016: 28,098; 2015: 25,987)<sup>7</sup> and higher rental market transactions (2016: 120,295; 2015: 111,860)<sup>8</sup> in Singapore; and
- (ii) brokerage income from new home sales increased due to higher sales of private residential properties and executive condominiums in Singapore (2016: 11,565; 2015: 9,987)<sup>9</sup>.

#### ***Cost of services***

Our cost of services increased by approximately S\$46.6 million or 23.1%, from S\$201.3 million in FY2015 to S\$247.9 million in FY2016, as a result of the increase in our revenue.

#### ***Gross profit and gross profit margin***

Gross profit increased by approximately S\$8.6 million or 27.5%, from S\$31.3 million in FY2015 to S\$39.9 million in FY2016. This was largely attributed to the increase in contribution from both the resale and rental of properties, and new home sales.

The gross profit margin from brokerage income increased from 10.7% in FY2015 to 11.5% in FY2016, largely due to the increase in contribution of new home sales relative to other business segments.

#### ***Other operating revenue***

Other operating revenue increased by approximately S\$0.3 million or 18.2%, from S\$1.7 million in FY2015 to S\$2.0 million in FY2016. The increase was mainly due to higher bank referral fees received and higher payouts received under the wage credit scheme in FY2016 as compared to FY2015.

#### ***Operating expenses***

Personnel costs increased by approximately S\$1.1 million or 11.8%, from S\$9.7 million in FY2015 to S\$10.8 million in FY2016 due to an increase in payroll and staff-related expenses. Our average staff headcount increased from 125 in FY2015 to 135 in FY2016.

Marketing and promotion expenses increased by approximately S\$0.4 million or 41.6%, from S\$0.9 million in FY2015 to S\$1.3 million in FY2016. The increase was mainly due to more marketing activities which is in line with the increase in revenue.

Finance expense decreased marginally by approximately S\$0.05 million or 3.8%, from S\$1.17 million in FY2015 to S\$1.12 million in FY2016. Finance expense in FY2015 and FY2016 comprised interest expense from bank borrowings.

<sup>9</sup> Information on private residential new homes transacted in Singapore obtained from URA REALIS, data accessed on 28 April 2017. The URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Amortisation of intangible assets was approximately S\$0.9 million in both FY2015 and FY2016.

Depreciation of plant and equipment increased marginally by S\$0.05 million or 8.1%, from S\$0.64 million in FY2015 to S\$0.69 million in FY2016.

Other operating expenses (including allowance for doubtful debts) decreased by approximately S\$0.6 million or 8.7%, from S\$7.6 million in FY2015 to S\$7.0 million in FY2016. The decrease was mainly due to lower rental expense and allowance for doubtful debts in FY2016, as well as one-off relocation costs for moving office and legal costs incurred for refinancing the bank loan in FY2015.

Overall, total operating expenses increased by approximately S\$0.9 million or 4.1%, from S\$20.9 million in FY2015 to S\$21.8 million in FY2016.

### ***Profit before tax***

As a result of the foregoing, profit before tax increased by approximately S\$7.8 million or 75.1%, from S\$10.3 million in FY2015 to S\$18.1 million in FY2016.

### ***Tax expense***

Tax expense increased by approximately S\$0.4 million or 19.3%, from S\$1.8 million in FY2015 to S\$2.2 million in FY2016. The increase is mainly due to the increase in our taxable income. Our effective tax rates for FY2015 and FY2016 were 17.9% and 16.9% respectively.

### ***Profit for the year***

As a result of the foregoing, profit for the year increased by approximately S\$7.4 million or 87.2%, from S\$8.5 million in FY2015 to S\$15.9 million in FY2016.

## **1Q2016 vs 1Q2017**

### ***Revenue***

Revenue increased by approximately S\$11.1 million or 19.7%, from S\$56.1 million in 1Q2016 to S\$67.2 million in 1Q2017. This was mainly due to the increase in brokerage income from resale and rental of properties of S\$7.6 million or 18.1%, from S\$42.3 million in 1Q2016 to S\$49.9 million in 1Q2017 and the increase in brokerage income from new home sales of S\$3.4 million or 28.9%, from S\$11.6 million in 1Q2016 to S\$15.0 million in 1Q2017.

The increase in revenue was mainly attributable to the following factors:

- (i) brokerage income from the resale and rental of properties increased due to higher resale market transactions (1Q2017: 6,876; 1Q2016: 5,996)<sup>10</sup> and higher rental market transactions (1Q2017: 28,877; 1Q2016: 28,561)<sup>11</sup> in Singapore; and

<sup>10</sup> Information on number of private secondary transactions in Singapore was obtained from URA REALIS, data accessed on 28 April 2017. Information on number of HDB resale flats transacted in Singapore was obtained from HDB Resale Statistics, found in ([www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics](http://www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics)) as extracted on 28 April 2017. Each of the URA and the HDB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>11</sup> Information on number of private residential leases transacted in Singapore was obtained from URA REALIS, data accessed on 28 April 2017. Information on number of HDB leases transacted in Singapore was obtained from HDB Rental Statistics as found in ([www.hdb.gov.sg/cs/infoweb/residential/renting-a-flat/renting-from-the-open-market/rental-statistics](http://www.hdb.gov.sg/cs/infoweb/residential/renting-a-flat/renting-from-the-open-market/rental-statistics)), as extracted on 28 April 2017. Each of the URA and the HDB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

- (ii) brokerage income from new home sales increased due to higher market transactions of private residential properties and executive condominiums in Singapore (1Q2017: 3,828; 1Q2016: 2,117)<sup>12</sup>.

### **Cost of services**

Our cost of services increased by approximately S\$8.4 million or 17.3%, from S\$48.6 million in 1Q2016 to S\$57.0 million in 1Q2017, as a result of the increase in our revenue.

### **Gross profit and gross profit margin**

Gross profit increased by approximately S\$2.7 million or 34.9%, from S\$7.5 million in 1Q2016 to S\$10.2 million in 1Q2017. This was largely attributed to the increase in contribution from both the resale and rental of properties, and new home sales.

The gross profit margin from the brokerage income increased from 10.4% in 1Q2016 to 12.6% in 1Q2017, largely due to the increase in contribution of new home sales relative to other business segments.

### **Other operating revenue**

Other operating revenue increased by approximately S\$0.2 million or 23.8%, from S\$0.7 million in 1Q2016 to S\$0.9 million in 1Q2017 mainly due to higher business conference income.

### **Operating expenses**

Personnel costs increased by approximately S\$0.2 million or 6.4%, from S\$2.4 million in 1Q2016 to S\$2.6 million in 1Q2017 due to an increase in payroll and staff-related expenses.

Marketing and promotion expenses decreased by approximately S\$0.24 million or 57.3%, from S\$0.42 million in 1Q2016 to S\$0.18 million in 1Q2017. The decrease was mainly due to less discretionary marketing activities in 1Q2017.

Finance expense decreased by approximately S\$0.26 million or 64.5%, from S\$0.40 million in 1Q2016 to S\$0.14 million in 1Q2017. Finance expense in 1Q2016 and 1Q2017 comprised interest expense from bank borrowings.

Amortisation of intangible assets was approximately S\$0.23 million in both 1Q2016 and 1Q2017.

Depreciation of plant and equipment decreased marginally by S\$0.05 million or 28.5%, from S\$0.18 million in 1Q2016 to S\$0.13 million in 1Q2017.

Other operating expenses (including allowance for doubtful debts) increased by approximately S\$0.4 million or 28.8%, from S\$1.7 million in 1Q2016 to S\$2.1 million in 1Q2017. The increase was mainly due to higher allowance for doubtful debts in 1Q2017. The provision for doubtful debts is based on the age of trade receivables, as follows: (a) 25% of the trade receivables outstanding for more than three months but less than six months, (b) 50% of the trade receivables outstanding for more than six months but less than nine months and (c) full provision for trade receivables outstanding for more than nine months.

Overall, total operating expenses increased marginally by approximately S\$0.1 million or 1.6%, from S\$5.3 million in 1Q2016 to S\$5.4 million in 1Q2017.

### **Profit before tax**

As a result of the foregoing, profit before tax increased by approximately S\$2.6 million or 115.3%, from S\$2.2 million in 1Q2016 to S\$4.8 million in 1Q2017.

<sup>12</sup> Information on number of private residential new homes transacted in Singapore was obtained from URA REALIS, data accessed on 28 April 2017. The URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

### ***Tax expense***

Tax expense increased by approximately S\$0.4 million or 157.1%, from S\$0.3 million in 1Q2016 to S\$0.7 million in 1Q2017. The increase is mainly due to the increase in our taxable income. Our effective tax rates for 1Q2016 and 1Q2017 were 19.1% and 17.2% respectively. The lower effective tax rate for 1Q2017 is due to lower non-tax deductible expenses in 1Q2017 as compared to 1Q2016.

### ***Profit for the period***

As a result of the foregoing, profit for the period increased by approximately S\$2.1 million or 109.2%, from S\$1.9 million in 1Q2016 to S\$4.0 million in 1Q2017.

## **REVIEW OF PAST FINANCIAL POSITION**

### **Audited Consolidated Statement of Financial Position as at 31 December 2015 and 31 December 2016 and Unaudited Consolidated Statement of Financial Position as at 31 March 2017**

A review of our financial position based on the audited consolidated statement of financial position of our Group as at 31 December 2015 and 31 December 2016 and unaudited consolidated statement of financial position as at 31 March 2017 is set out below.

### ***Non-current assets***

Our non-current assets comprised mainly (a) plant and equipment, (b) intangible assets and (c) fixed deposits. Non-current assets amounted to approximately S\$104.8 million, S\$103.2 million and S\$102.9 million as at 31 December 2015, 31 December 2016 and 31 March 2017 respectively, representing 67.8%, 60.6% and 62.8% of our total assets as at their respective dates.

These non-current assets comprised the following:

- (a) Plant and equipment comprised computers, furniture and fittings, office equipment, electrical installation and fittings, renovation and motor vehicles.

The net book value of our plant and equipment amounted to approximately S\$2.1 million and accounted for 2.0% of our total non-current assets as at 31 December 2015. As at 31 December 2016, the net book value of our plant and equipment amounted to approximately S\$1.4 million or 1.4% of our total non-current assets. As at 31 March 2017, the net book value of our plant and equipment amounted to approximately S\$1.4 million or 1.3% of our total non-current assets.

- (b) Intangible assets comprised goodwill on consolidation and franchise rights.

The net book value of our intangible assets amounted to approximately S\$102.3 million and accounted for 97.6% of our total non-current assets as at 31 December 2015. As at 31 December 2016, the net book value of our intangible assets amounted to approximately S\$101.3 million or 98.2% of our total non-current assets. As at 31 March 2017, the net book value of our intangible assets amounted to approximately S\$101.1 million or 98.3% of our total non-current assets.

- (c) The net book value of our fixed deposits amounted to approximately S\$0.4 million as at 31 December 2015, 31 December 2016 and 31 March 2017, and accounted for 0.4% of our total non-current assets as at the respective dates.

### ***Current assets***

Our current assets comprised mainly (a) trade receivables, (b) other receivables, (c) prepaid operating expenses and (d) cash and bank balances.

Our current assets amounted to approximately S\$49.9 million, S\$67.2 million and S\$60.9 million as at 31 December 2015, 31 December 2016 and 31 March 2017 respectively, representing 32.2%, 39.4% and 37.2% of our total assets as at their respective dates.

These current assets comprised the following:

- (a) Trade receivables comprised mainly commission and fees due from customers and real estate developers for services rendered, and amounted to approximately S\$33.6 million, S\$47.8 million and S\$49.1 million as at 31 December 2015, 31 December 2016 and 31 March 2017 respectively, representing 67.4%, 71.2% and 80.6% of our total current assets. The increase in trade receivables as a percentage of total current assets from 31 December 2015 to 31 December 2016 is as a result of the increase in our Group's revenue of S\$55.1 million from S\$232.6 million in FY2015 to S\$287.7 million in FY2016.

The analysis of the aging of our trade receivables is as follows:

	<b>FY2014</b> <b>(S\$'000)</b>	<b>FY2015</b> <b>(S\$'000)</b>	<b>FY2016</b> <b>(S\$'000)</b>	<b>1Q2017</b> <b>(S\$'000)</b>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Not past due	21,569	29,458	40,873	41,025
Receivables that are past due but not impaired:				
Past due up to 30 days	1,190	1,253	2,854	2,216
Past due 31 to 60 days	744	1,243	1,333	2,898
Past due 61 to 90 days	624	390	1,282	1,806
Past due more than 90 days	1,684	1,259	1,466	1,158
	4,242	4,145	6,935	8,078
<b>Total</b>	<b>25,811</b>	<b>33,603</b>	<b>47,808</b>	<b>49,103</b>

- (b) Other receivables comprised deposits, recoverable and sundry receivables which amounted to approximately S\$1.1 million, S\$1.3 million and S\$1.4 million as at 31 December 2015, 31 December 2016 and 31 March 2017 respectively, representing 2.2%, 2.0% and 2.3% of our total current assets.
- (c) Prepaid operating expenses comprised mainly a bank facility arrangement fee of S\$0.4 million to be amortised in FY2016, prepaid expenses and advance rental paid which amounted to approximately S\$0.5 million and accounted for 1.9% of our total current assets as at 31 December 2015. As at 31 December 2016 and 31 March 2017, prepayments amounted to approximately S\$0.3 million or 0.4% of our total current assets at the respective dates.
- (d) Cash and bank balances amounted to approximately S\$14.2 million and accounted for 28.5% of our total current assets as at 31 December 2015. As at 31 December 2016, cash and bank balances amounted to approximately S\$17.7 million or 26.4% of our total current assets. As at 31 March 2017, cash and bank balances amounted to approximately S\$10.1 million and accounted for 16.6% of our total current assets.

Trade and other receivables are generally settled on 30 to 90 days' terms and are considered to be partially impaired if they are not collected after three months and fully impaired if they are not collected after nine months. The counterparties for the impaired receivables are generally individual debtors that are in significant financial difficulties and have defaulted on payments.

### **Non-current liabilities**

Our non-current liabilities comprised mainly (a) deferred tax liabilities and (b) non-current portion of bank loans. Non-current liabilities amounted to approximately S\$36.1 million, S\$16.7 million and S\$8.6 million as at 31 December 2015, 31 December 2016 and 31 March 2017, representing 39.4%, 18.2% and 10.7% of our total liabilities as at their respective dates.

These non-current liabilities comprised the following:

- (a) Deferred tax liabilities amounted to approximately S\$5.1 million and accounted for 14.2% of our total non-current liabilities as at 31 December 2015. As at 31 December 2016, deferred tax liabilities amounted to approximately S\$4.7 million or 28.0% of our total non-current liabilities. As at 31 March 2017, deferred tax liabilities amounted to approximately S\$4.6 million or 53.7% of our total non-current liabilities.



- (b) Non-current portion of bank loans amounted to approximately S\$31.0 million and accounted for 85.8% of our total non-current liabilities as at 31 December 2015. As at 31 December 2016, non-current portion of loans and borrowings amounted to approximately S\$12.0 million or 72.0% of our total non-current liabilities. As at 31 March 2017, non-current portion of loans and borrowings amounted to approximately S\$4.0 million or 46.3% of our total non-current liabilities.

### **Current liabilities**

Our current liabilities comprised mainly (a) trade payables and accruals, (b) other payables, (c) deferred income, (d) provision for taxation and (e) current portion of bank loans.

Our current liabilities amounted to approximately S\$55.5 million, S\$74.8 million and S\$72.3 million as at 31 December 2015, 31 December 2016 and 31 March 2017 respectively, representing 60.6%, 81.8% and 89.3% of our total liabilities as at their respective dates.

These current liabilities comprised the following:

- (a) Trade payables and accruals, which comprised mainly commission and fees due to our agents and suppliers for services rendered, amounted to approximately S\$39.0 million and accounted for 70.2% of our total current liabilities as at 31 December 2015. As at 31 December 2016, trade payables and accruals amounted to approximately S\$55.6 million or 74.4% of our total current liabilities. The increase in trade payables as a percentage of our total current liabilities from 31 December 2015 to 31 December 2016 corresponded to the increase in trade receivables of S\$14.2 million from S\$33.6 million as at 31 December 2015 to S\$47.8 million as at 31 December 2016. As at 31 March 2017, trade payables and accruals amounted to approximately S\$53.9 million or 74.6% of our total current liabilities.

The analysis of the aging of our trade payables and accruals is as follows:

	<b>FY2014</b> <b>(S\$'000)</b> <i>(audited)</i>	<b>FY2015</b> <b>(S\$'000)</b> <i>(audited)</i>	<b>FY2016</b> <b>(S\$'000)</b> <i>(audited)</i>	<b>1Q2017</b> <b>(S\$'000)</b> <i>(unaudited)</i>
Current	31,150	35,216	49,490	43,293
Payables and accruals that are past due				
Past due up to 30 days	1,032	1,124	2,410	5,331
Past due 31 to 60 days	629	1,064	1,185	2,471
Past due 61 to 90 days	572	339	1,036	1,476
Past due more than 90 days	1,667	1,252	1,522	1,354
	3,900	3,779	6,153	10,632
<b>Total</b>	<b>35,050</b>	<b>38,995</b>	<b>55,643</b>	<b>53,925</b>

- (b) Other payables comprised mainly goods and services tax payable, deposits and sundry payables which amounted to approximately S\$5.4 million and accounted for 9.8% of our total current liabilities as at 31 December 2015. As at 31 December 2016, other payables amounted to approximately S\$7.0 million or 9.3% of our total current liabilities. As at 31 March 2017, other payables amounted to approximately S\$6.2 million or 8.6% of our total current liabilities.
- (c) Deferred income relates to amounts received for rental of properties, workstations, lockers and furniture, business conferences, professional indemnity insurance and miscellaneous items which amounted to approximately S\$1.7 million and accounted for 3.1% and 2.3% of our total current liabilities as at 31 December 2015 and 31 December 2016 respectively. As at 31 March 2017, deferred income was S\$1.3 million and accounted for 1.8% of total current liabilities.
- (d) Provision for taxation amounted to approximately S\$3.4 million and accounted for 6.1% of our total current liabilities as at 31 December 2015. As at 31 December 2016, provision for taxation amounted to approximately S\$4.5 million or 6.0% of our total current liabilities. As at 31 March 2017, provision for taxation was S\$4.8 million and amounted to approximately 6.7% of our total current liabilities.



- (e) Current portion of bank loans amount to S\$6.0 million as at 31 December 2015, 31 December 2016 and 31 March 2017 which represents the amount repayable within the next twelve months. This accounted for 10.8%, 8.0% and 8.3% of our total current liabilities as at the respective dates.

As at 31 December 2016, we had a cash balance of approximately S\$17.7 million and current assets of approximately S\$67.2 million. Our current liabilities of approximately S\$74.8 million as at 31 December 2016 exceeded our current assets as at the same date by approximately S\$7.6 million. Our current liabilities as at 31 December 2016 included (a) repayment obligations totalling S\$6.0 million due under the loan facility from RHB Bank (as defined herein) over the course of the financial year ending 31 December 2017, and (b) approximately S\$1.7 million in deferred income, which are monies that have not been earned as at 31 December 2016, but which would be recognised as income in the current financial year. Excluding the repayment obligations and deferred income, we would have been in a net current asset position as at 31 December 2016.

#### ***Equity attributable to the owner of our Group***

As at 31 December 2015, equity attributable to the owner of our Group amounted to approximately S\$63.0 million comprising mainly share capital of S\$70.7 million and accumulated losses of approximately S\$7.7 million, due to a dividend payout of S\$25.0 million in FY2015 from the pre-acquisition retained earnings of our subsidiaries.

As at 31 December 2016, equity attributable to the owner of our Group amounted to approximately S\$78.9 million comprising mainly share capital of S\$70.7 million and accumulated profits of approximately S\$8.2 million.

As at 31 March 2017, equity attributable to the owner of our Group amounted to approximately S\$82.9 million comprising mainly share capital of S\$70.7 million and accumulated profits of approximately S\$12.2 million.

#### **LIQUIDITY AND CAPITAL RESOURCES**

We have financed our growth and operations mainly from cash generated from operations. The principal uses of these funds are for capital expenditures and repayment of bank loans. As at 31 March 2017 and as at the Latest Practicable Date, our primary sources of liquidity included cash and bank balances of S\$10.1 million and S\$27.2 million, respectively.

Based on our consolidated statement of financial position as at 31 December 2016 and 31 March 2017, our total equity amounted to approximately S\$78.9 million and S\$82.9 million respectively, and net indebtedness amounted to approximately S\$0.3 million and net cash of approximately S\$0.1 million respectively (comprising bank loans less cash and bank balances). Our gearing ratio (defined as aggregate indebtedness divided by total equity) as at 31 December 2016 and 31 March 2017 was 22.8% and 12.0% respectively.

For the purposes of this Prospectus, “**indebtedness**” comprises bank loans but excludes trade and other payables.

Taking into account the expected cash to be generated from the operations of our Group, together with cash and cash equivalents and the banking facilities available to our Group, our Directors are of the reasonable opinion that the working capital available to our Group as at the date of lodgement of this document is sufficient for our Group's present requirements and anticipated requirements for capital expenditures and other cash requirements for 12 months following the date of this document.

## CASH FLOW

We set out below a summary of our cash flow for the periods indicated:

	← Audited →			← Unaudited →
	FY2014 S\$'000	FY2015 S\$'000	FY2016 S\$'000	1Q2017 S\$'000
Net cash generated from operating activities	18,246	7,116	22,672	440
Net cash used in investing activities	(721)	(2,096)	(141)	(61)
Net cash used in financing activities	(13,500)	(9,000)	(19,000)	(8,000)
Net increase/(decrease) in cash and cash equivalents	4,025	(3,980)	3,531	(7,621)
<b>Cash and cash equivalents at beginning of the year/period</b>	<b>14,171</b>	<b>18,196</b>	<b>14,216</b>	<b>17,747</b>
<b>Cash and cash equivalents at the end of the year/period</b>	<b>18,196</b>	<b>14,216</b>	<b>17,747</b>	<b>10,126</b>

### Net Cash Generated from Operating Activities

For FY2014, cash flows from operations were approximately S\$20.9 million. This comprised operating cash flows before changes in working capital of S\$19.8 million, and adjusted by an increase in working capital of S\$1.1 million. The increase in working capital was due to net cash inflows arising from the decrease in receivables and prepaid operating expenses of S\$2.5 million and offset by a decrease in payables and accruals of S\$1.4 million. In addition, we received interest income of S\$12,718 and there was interest paid of S\$1.1 million and income tax paid of S\$1.5 million. Net cash flows generated from operating activities was S\$18.2 million.

For FY2015, cash flows from operations were approximately S\$10.9 million. This comprised operating cash flows before changes in working capital of S\$14.6 million, and adjusted by a decrease in working capital of S\$3.7 million. The decrease in working capital was due to the increase in receivables and prepaid operating expenses of S\$9.50 million offset by an increase in payables and accruals of S\$5.74 million. In addition, we received interest income of S\$14,989 and there was interest paid of S\$1.2 million and income tax paid of S\$2.6 million. Net cash flows generated from operating activities was S\$7.1 million.

For FY2016, cash flows from operations were approximately S\$25.4 million. This comprised operating cash flows before changes in working capital of S\$22.0 million, and adjusted by an increase in working capital of S\$3.4 million. The increase in working capital was due to an increase in payables and accruals of S\$18.2 million offset by the increase in receivables and prepaid operating expenses of S\$14.8 million. In addition, we received interest income of S\$24,811 and there was interest paid of S\$1.1 million and income tax paid of S\$1.6 million. Net cash flows generated from operating activities was S\$22.7 million.

For 1Q2017, cash flows from operations were approximately S\$1.0 million. This comprised operating cash flows before changes in working capital of S\$6.3 million, and adjusted by a decrease in working capital of S\$5.3 million. The decrease in working capital was due to an increase in receivables and prepaid operating expenses of S\$2.5 million and a decrease in payables and accruals of S\$2.9 million. In addition, we received interest income of S\$6,765 and there was interest paid of S\$0.14 million and income tax paid of S\$0.4 million. Net cash flows generated from operating activities was S\$0.4 million.

### Net Cash Used in Investing Activities

For FY2014, net cash used in investing activities was S\$721,333, mainly attributable to the purchase of plant and equipment of S\$765,333. This was partially offset by the decrease in non-current fixed deposit of S\$44,000.

For FY2015, net cash used in investing activities was S\$2.1 million, mainly attributable to the purchase of plant and equipment of S\$1.8 million and the increase in non-current fixed deposit of S\$0.3 million.

For FY2016, net cash used in investing activities was S\$140,424 due to the purchase of plant and equipment.

For 1Q2017, net cash used in investing activities was S\$61,247 due to the purchase of plant and equipment.

### Net Cash Used in Financing Activities

For FY2014, net cash used in financing activities was S\$13.5 million due to the repayment of bank loans of which S\$0.5 million was mandatory repayment and S\$13.0 million was early repayment.

For FY2015, net cash used in financing activities was S\$9.0 million mainly attributable to the payment of dividends of S\$25.0 million offset by the net drawdown of new loans of S\$16.0 million.

For FY2016, net cash used in financing activities was S\$19.0 million due to the repayment of bank loans of which S\$6.0 million was mandatory repayment and S\$13.0 million was early repayment.

For 1Q2017, net cash used in financing activities was S\$8.0 million due to the repayment of bank loans.

### DESCRIPTION OF MATERIAL INDEBTEDNESS

As at 31 March 2017, our total indebtedness, comprising our bank borrowings, was S\$10.0 million. As at the Latest Practicable Date, we had an aggregate net cash position of approximately S\$24.7 million (after deducting total bank borrowings).

As at the Latest Practicable Date, the total banking facilities of our Group is as follows:

Name of Borrower	Name of Bank	Type of Credit Facility	Amount of Facility Granted	Amount of Facility Utilised	Maturity	Interest Rate
ERA Realty Network Pte Ltd	DBS Bank Ltd.	Term Loan	S\$10,000,000	S\$10,000,000	1 year	1 month SIBOR + 1.5%

The term loan from DBS Bank Ltd. was for the purpose of refinancing the loan facility from RHB Bank described in “*Interested Person Transactions and Potential Conflicts of Interest – Past Transactions – Provision of Share Charge by APRH*”. The loan facility from RHB Bank was used to refinance a loan taken in connection with the acquisition of our subsidiaries from Hersing.

The term loan from DBS Bank Ltd. provides that there shall be no change in the key management of our Company (including Mr. Jack Chua, Mr. Poh Chee Yong and Mr. Eugene Lim) for as long as the term loan remains outstanding.

As at the Latest Practicable Date, our Group is not in breach of any terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our Group’s financial position and results or business operations, or the investments by holders of the Shares.

### COMMITMENTS AND CONTINGENT LIABILITIES

#### Capital commitments

As at the Latest Practicable Date, our Group has no capital commitments.

#### Operating lease commitments

As at the Latest Practicable Date, our Group has operating lease commitments in respect of non-cancellable operating leases as follows:

Future minimum lease payments	As at the Latest Practicable Date S\$'000
Within one year	2,068
Within two to five years	641
	<u>2,709</u>

Our Group has entered into commercial leases on certain properties. These leases have an average tenure of between two to three years with no contingent rent provision included in the contracts. Our Group expects to meet our operating lease commitments using cash generated from our operations.

### **Contingent liabilities**

Our Group does not have any material contingent liabilities as at the Latest Practicable Date.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of our consolidated financial statements in conformity with Singapore Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Critical accounting policies reflect significant judgment and uncertainties and may result in materially different results under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an on-going basis and are based on historical experience and other factors, including expectations of future events that we believe are reasonable under the current circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

We believe that the application of the following accounting policies, which are important to our consolidated financial position and results of operations, requires significant judgments and estimates on the part of management. For a summary of all our accounting policies, see Notes 2 and 3 to our consolidated financial statements for FY2014, FY2015 and FY2016 and 1Q2017.

## **TREND INFORMATION**

The following discussion about our prospects and trends include forward-looking statements that involve risk and uncertainties. Actual results could differ materially from those that may be projected in these forward-looking statements. See also “*Notice to Investors – Forward-Looking Statements*”.

We expect that our sales and results of operations for FY2017 will be affected by the following:

- general economic and financial market conditions which will have an impact on the general demand for real estate and real estate brokerage services from our customers;
- changes in regulations and policies governing real estate transactions;
- number of competitors and competition in the real estate brokerage industry;
- our ability to retain and grow our existing agent base;
- our ability to maintain and improve operating margins; and
- our ability to execute our business plans and strategies.

Save as disclosed above and in “*Risk Factors*”, “*Management’s Discussion and Analysis of Results of Operations and Financial Position*”, “*Business*”, “*Capitalisation and Indebtedness*”, “*Regulatory Environment*” and “*Appendix C – Independent Market Report on the Residential Real Estate Brokerage Sector*”, barring unforeseen circumstances, our Directors are not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenue, profitability, liquidity or capital resources, or that will cause the financial information disclosed in this document to be not necessarily indicative of our future operating results or financial condition.

## **ORDER BOOK**

Due to the nature of our business, we do not maintain an order book.

## OUR HISTORY AND DEVELOPMENT

### KEY MILESTONES

Listed below are the key milestones of our Group:

Year	Milestone
1982	<p>Our real estate brokerage business commenced in February 1982 after ERA Realty (formerly known as Realty Network Pte Ltd until 3 July 1992) secured ERA Member Broker status from Electronic Realty Associates, Inc. (a predecessor-in-interest of Realogy) to operate an ERA Member Broker Office in Singapore under the brand name “ERA” pursuant to a Membership Agreement. The founder of Hersing (the then-holding company of our subsidiaries) acquired the ERA franchise for Singapore.</p> <p>Pursuant to such Membership Agreement, ERA Realty was granted the right to offer real estate brokerage services and other related services under the ERA System. We believe ERA Realty is the first company in Singapore to offer real estate brokerage services under a franchise system.</p>
1990	ERA Singapore entered into the Singapore MFA with Electronic Realty Associates, Inc. pursuant to which ERA Singapore was appointed as ERA master franchisor for Singapore and granted the exclusive right to grant memberships to parties to operate ERA Member Broker Offices in Singapore pursuant to Membership Agreements.
1993	RIA was appointed to the panel of valuers approved by the HDB to whom the HDB may allocate valuation assignments for the HDB-resale transactions.
1998	<p>Hersing completed its initial public offering and listing on the SGX-ST.</p> <p>Hersing acquired the Coldwell Banker master franchise rights for Singapore from Realogy pursuant to the Coldwell Banker MFA.</p>
1999	Hersing acquired the exclusive ERA regional master franchise rights for the Territories in the Asia-Pacific region from Realogy pursuant to the Regional MFA, and was assigned the then-existing ERA sub-franchisees in the Territories, including ERA Singapore.
2011	The RIA School of Real Estate, a division of RIA, became an Approved Course Provider appointed by the CEA.
2012	Hersing was privatised and delisted from the SGX-ST by its then-shareholders.
2013	Our Company was incorporated and acquired our subsidiaries from Hersing hence becoming the holding company of our Group. Hersing also assigned all of its rights, title and interest and delegated all its duties and obligations under the Regional MFA and the Coldwell Banker MFA to our Company.
2016	We were Singapore’s Largest Real Estate Agency for the sixth consecutive year according to the CEA Public Register and was ranked #1 Largest Real Estate Agency by Singapore Business Review for the third consecutive year.
2017	We expanded our presence to Vietnam through the appointment of a sub-franchisee as the ERA master franchisor for Vietnam.

## OUR SUBSIDIARIES AND ASSOCIATED COMPANIES

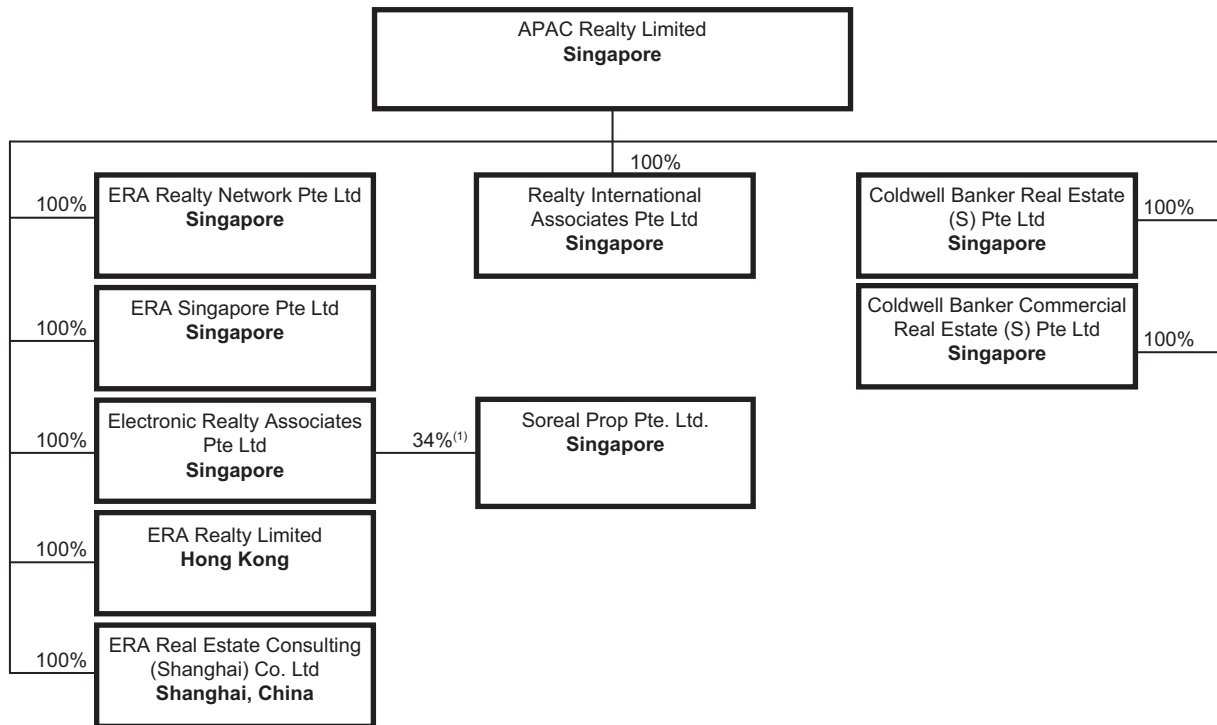
The table below sets forth our subsidiaries and associated companies as at the date of this Prospectus:

No	Company name	Date of incorporation	Country of incorporation and principal place of business	General nature of business	Effective ownership interest
1.	ERA Realty Network Pte Ltd	29 June 1981	Singapore	Real estate brokerage & consultancy services, real estate training to real estate agents and sale of marketing materials.	100%
2.	ERA Singapore Pte Ltd	3 August 1990	Singapore	Master franchisee of the “ERA Real Estate” franchise for the territory of Singapore to grant memberships to parties to operate ERA Member Broker Offices in Singapore.	100%
3.	Electronic Realty Associates Pte Ltd	3 September 1998	Singapore	Real estate brokerage and related services.	100%
4.	Realty International Associates Pte Ltd	7 September 1979	Singapore	Property management, valuation and consultancy services, conducting training courses, and the publication and distribution of real estate periodicals.	100%
5.	Coldwell Banker Real Estate (S) Pte Ltd	30 November 1998	Singapore	Grants memberships to parties to operate Coldwell Banker Member Broker Offices in Singapore.	100%
6.	Coldwell Banker Commercial Real Estate (S) Pte Ltd	19 July 1999	Singapore	Dormant	100%
7.	ERA Realty Limited	2 April 1996	Hong Kong	Dormant	100%
8.	ERA Real Estate Consulting (Shanghai) Co., Ltd	20 August 2003	China	Inactive	100%
9.	Soreal Prop Pte. Ltd.	3 April 2017	Singapore	Inactive	34%



## CORPORATE STRUCTURE

The following diagram summarises our corporate structure:



**Note:**

- (1) The remaining 66% of Soreal Prop Pte. Ltd. is held by P & N Holdings Pte. Ltd. and H Investment Pte. Ltd. (unrelated third parties) in equal proportions.

## BUSINESS

### OVERVIEW

We are a leading real estate services provider which operates a market-leading real estate brokerage in Singapore under the ERA brand.

We operate in three main segments:

#### Real estate brokerage services

Our real estate brokerage services are operated by our wholly-owned subsidiary ERA Realty under the ERA brand.

ERA Realty is one of Singapore's largest real estate agencies with 6,223 salespersons (termed as agents or associates) registered with the industry's regulator, the CEA, as at 31 March 2017. We believe that ERA Realty is the industry pioneer with a solid track record of 35 years of growth, innovative contributions and service excellence in Singapore.

#### Franchise arrangements

We hold the exclusive ERA regional master franchise rights for certain countries in the Asia-Pacific region, acquired from Realogy pursuant to the Regional MFA. The countries covered under the Regional MFA are Australia, Brunei, Cambodia, China (including Hong Kong and Macau), Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, Korea, the Philippines, Papua New Guinea, Singapore, Taiwan, Thailand and Vietnam. Realogy is a leader in residential real estate office franchising and brokerage, with many well-known brands such as CENTURY 21®, Coldwell Banker®, Coldwell Banker Commercial®, ERA®, Sotheby's International Realty® and Better Homes and Gardens Real Estate®.

We have licensed the ERA brand and the use of certain ERA Marks to sub-franchisees in Japan, Korea, Taiwan, Thailand, Malaysia, Vietnam and Indonesia, and also to our subsidiary ERA Singapore in Singapore. Our sub-franchisees are the ERA master franchisors for their territory and may in such capacity appoint sub-franchisees and ERA Member Brokers. ERA Singapore, as the ERA master franchisor for Singapore, has appointed ERA Realty as an ERA Member Broker. We hold the ERA regional master franchise from Realogy for an initial term of 30 years, which expires in 2029, and is renewable for further terms of 30 years each subject to certain conditions. Our ERA sub-franchisees have been granted licences for an initial term of approximately 25 to 30 years. See “– Our Services – Franchise Arrangements” below for further details.

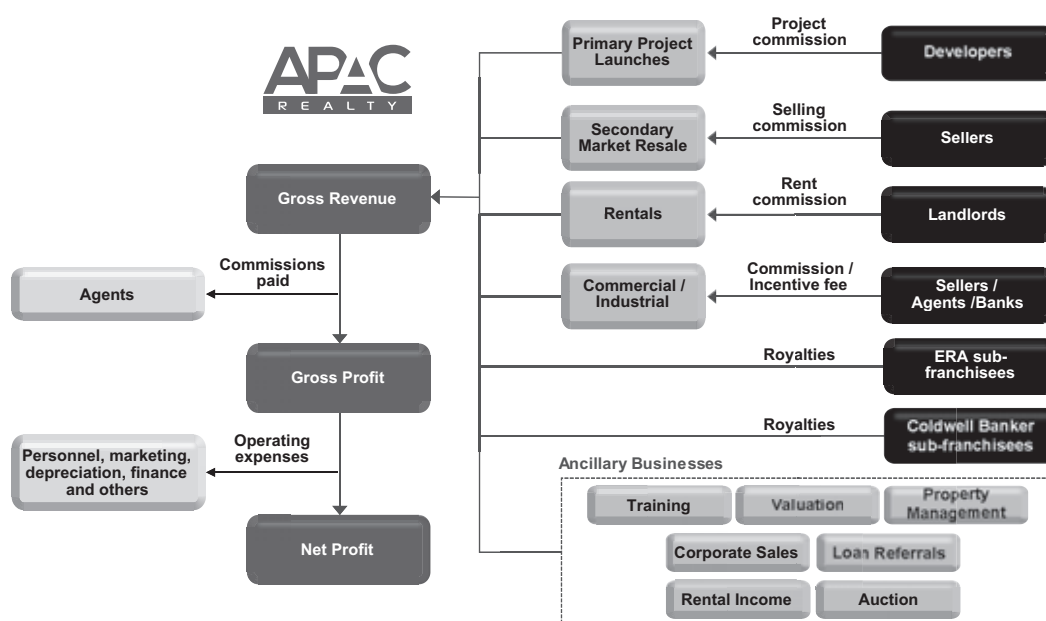
We also hold the master franchise rights for Singapore for Coldwell Banker, one of the oldest and most established real estate office and franchising companies in the United States, pursuant to the Coldwell Banker International Subfranchise Agreement for Singapore dated 16 October 1998 (together with (a) the deed of assignment of rights and delegation of duties pursuant to which Hersing assigned all of its rights, title and interest and delegated all its duties and obligations under the agreement to our Company and our acceptance of the assignment of rights and delegation of duties, each dated 11 October 2013 and (b) the amendment agreement dated 6 September 2017 (the “**Coldwell Banker Singapore Amendment**”), the “**Coldwell Banker MFA**”).

As at 31 March 2017, through our wholly-owned subsidiary Coldwell Banker Singapore, we have 21 Coldwell Banker Member Brokers in Singapore which collectively have over 100 agents registered with them.

#### Training, valuation and other ancillary services

Our wholly-owned subsidiary RIA operates training programmes and courses for real estate agents in preparation for professional certification exams and as part of CPD regulations. RIA is an Approved Course Provider appointed by the CEA. 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.

The chart below summarises our business model:



## OUR COMPETITIVE STRENGTHS

We believe that our position as one of the largest real estate brokerage agencies in Singapore is based on the following competitive strengths:

- (a) we hold the exclusive ERA regional master franchise rights for the Territories in the Asia-Pacific region and are a member of the ERA global franchise network;
  - (b) we are focused on the real estate brokerage market in Singapore which has a deep and attractive residential real estate market;
  - (c) we have one of the largest agent networks in Singapore;
  - (d) we have built a resilient business model; and
  - (e) we have an experienced management team with vast experience in the real estate brokerage sector.
- (a) **We hold the exclusive ERA regional master franchise rights for the Territories in the Asia-Pacific region and are a member of the ERA global franchise network**

In 2016, our subsidiary, ERA Realty, was the largest ERA Member Broker globally by number of transactions and one of the largest ERA Member Brokers globally by transaction value. ERA Realty was also named as the Top Member Broker by Realogy in the same year.

Our real estate brokerage business commenced in February 1982 after ERA Realty secured ERA Member Broker status to operate an ERA Member Broker Office in Singapore under the brand name "ERA". As a member of the ERA global franchise network, we offer real estate brokerage and other services under the ERA System, which consists of a full range of products, services, formats, system methods, specifications, standards and procedures developed by Realogy and made available to ERA Member Brokers.

Over the last 35 years, since the commencement of our brokerage business in 1982, we have built our business by leveraging on the ERA System to establish our presence in Singapore and have, over time, adapted our business model to cater to unique attributes of the Singapore residential property market. For example, with our acquired experience in the HDB segment, we have developed a specialised

training programme for HDB sales for our agents to equip them with the knowledge and skills to serve the segment. Our agents can also tap on the network of other ERA Member Brokers globally to reach out to overseas customers. Internationally, the ERA global franchise network under Realogy comprised approximately 36,300 agents in 2,339 offices across 31 countries as at the Latest Practicable Date.

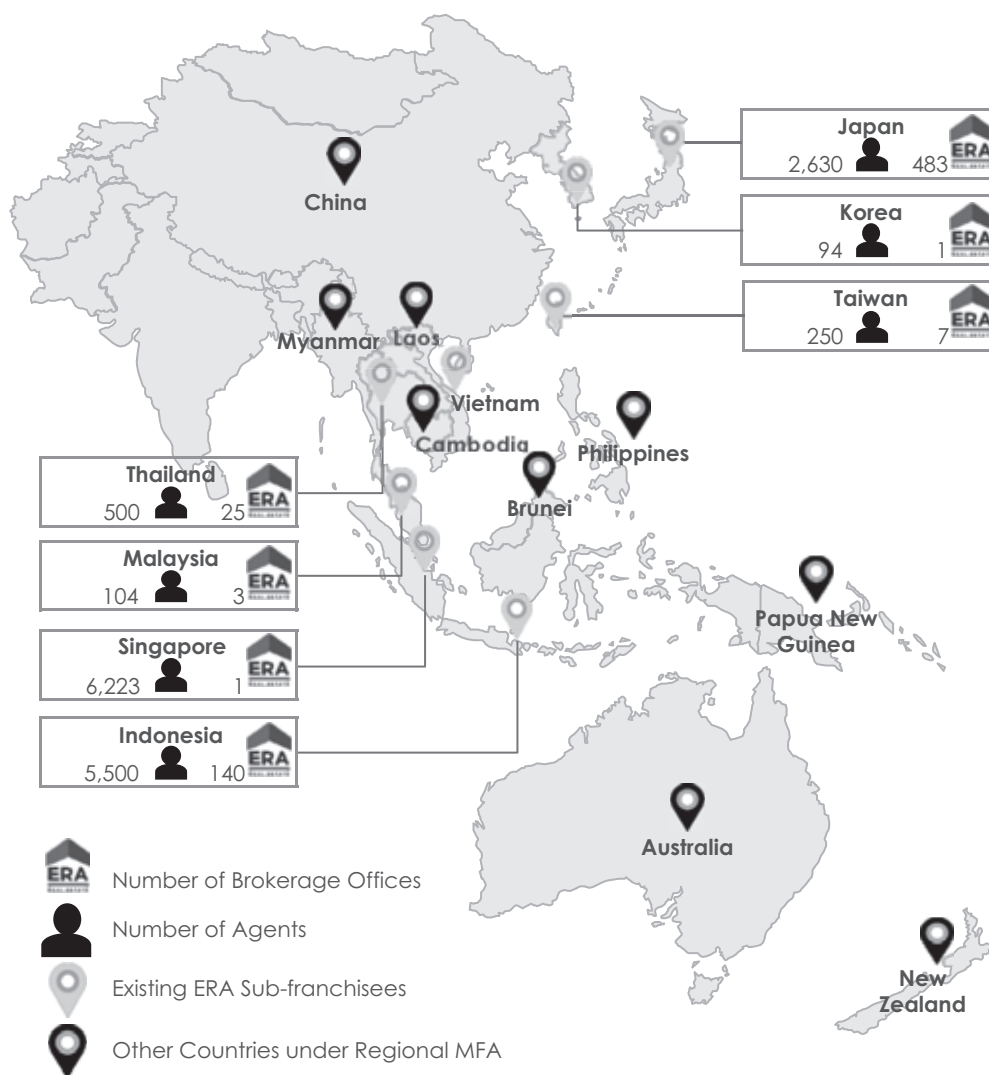
#### **ERA Global Franchise Network as at the Latest Practicable Date**



We hold the exclusive ERA regional master franchise rights for certain countries in the Asia-Pacific region, acquired from Realogy pursuant to the Regional MFA. The countries covered under the Regional MFA are Australia, Brunei, Cambodia, China (including Hong Kong and Macau), Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, Korea, the Philippines, Papua New Guinea, Singapore, Taiwan, Thailand and Vietnam. We have licensed the ERA brand and the use of certain ERA Marks to sub-franchisees in Japan, Korea, Taiwan, Thailand, Malaysia, Vietnam and Indonesia, and also to our subsidiary ERA Singapore in Singapore. Our sub-franchisees are the ERA master franchisors for their territory and may in such capacity appoint sub-franchisees and ERA Member Brokers. ERA Singapore, as the ERA master franchisor for Singapore, has appointed ERA Realty as an ERA Member Broker.

The master franchise model provides us with the ability to build our regional presence and network in a capital-efficient manner. With a business network comprising more than 15,300 agents in 660 offices across seven countries as at 31 December 2016, through our ERA sub-franchisees, we have one of the largest brand footprints in Asia, and significant presence in Singapore, Japan and Indonesia. We benefit from cross selling opportunities with our overseas sub-franchisees. For example, we have worked with our sub-franchisees to sell units of Singapore residential projects such as Corals at Keppel Bay to purchasers in Malaysia, and Cairnhill Nine and D'Leedon to purchasers in Indonesia. The map below illustrates the scale of these operations as at 31 March 2017.

#### **Our ERA Sub-Franchisees and Other Countries Covered by the Regional MFA**



**Note:** As at 31 March 2017. We entered into a sub-franchise agreement on 12 May 2017 to appoint a sub-franchisee as the ERA master franchisor for Vietnam.

#### **(b) We are focused on the real estate brokerage market in Singapore which has a deep and attractive residential real estate market**

Our business is focused on Singapore, which contributed 99.9% of our revenue in FY2016.

According to Cushman & Wakefield, Singapore has a deep and liquid real estate market. Singapore is the sixth largest real estate investment destination in the Asia-Pacific region, after China, Australia, Japan, Hong Kong and South Korea<sup>13</sup>. Singapore's residential real estate transaction value and volume in 2016 was S\$45.8 billion<sup>14</sup> and 159,958 units<sup>15</sup> respectively.

According to Cushman & Wakefield, the Singapore private residential real estate market is largely supported by local buyers and benefits from one of the highest resident home ownership rates in the world at above 90.0%. The successful public housing programme encourages home ownership and creates wealth when property prices rise in tandem with economic growth. In turn, the rise in household net worth, coupled with steady income growth, helps propel demand for residential properties.

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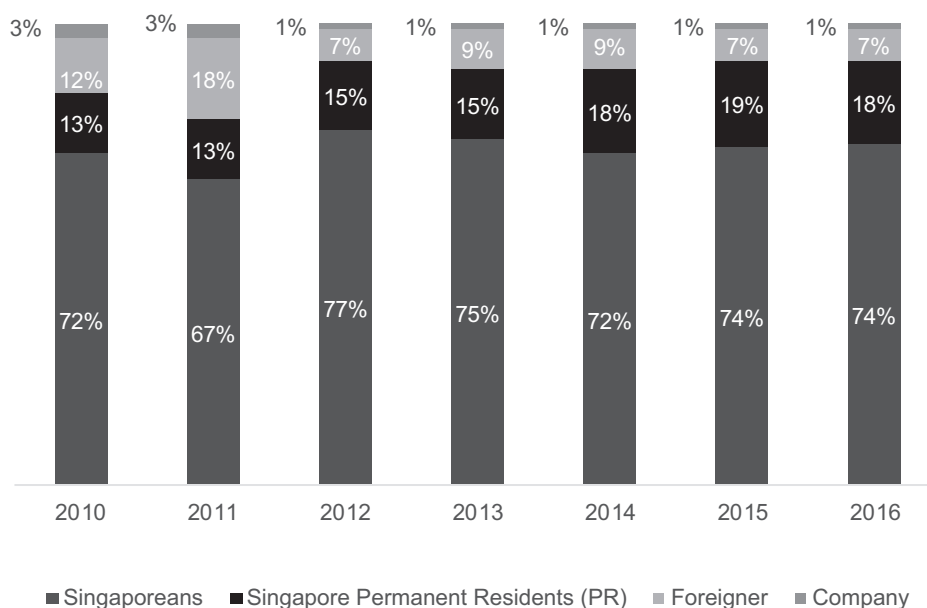
<sup>13</sup> Information obtained from Real Capital Analytics Database, data accessed on 28 April 2017. Real Capital Analytics has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>14</sup> Comprises transaction value of private primary and secondary residential sales and leasing, and HDB resale transactions. Information on value of private residential units transacted was obtained from URA REALIS, data accessed on 28 April 2017. Information on value of HDB units transacted was obtained from HDB Resale Statistics, found in ([www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics](http://www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics)) as extracted on 28 April 2017. Each of the URA and the HDB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>15</sup> Comprises transaction volume of private primary and secondary residential sales and leasing and HDB resale and leasing transactions. Information on number of private residential units transacted was obtained from URA REALIS, data accessed on 28 April 2017. Information on number of HDB units transacted was obtained from HDB Resale Statistics, found in ([www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics](http://www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics)) as extracted on 28 April 2017. Information on number of HDB units leased was obtained from HDB Rental Statistics, found in ([www.hdb.gov.sg/cs/infoweb/residential/renting-a-flat/renting-from-the-open-market/rental-statistics](http://www.hdb.gov.sg/cs/infoweb/residential/renting-a-flat/renting-from-the-open-market/rental-statistics)) as extracted on 28 April 2017. Each of the URA and the HDB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

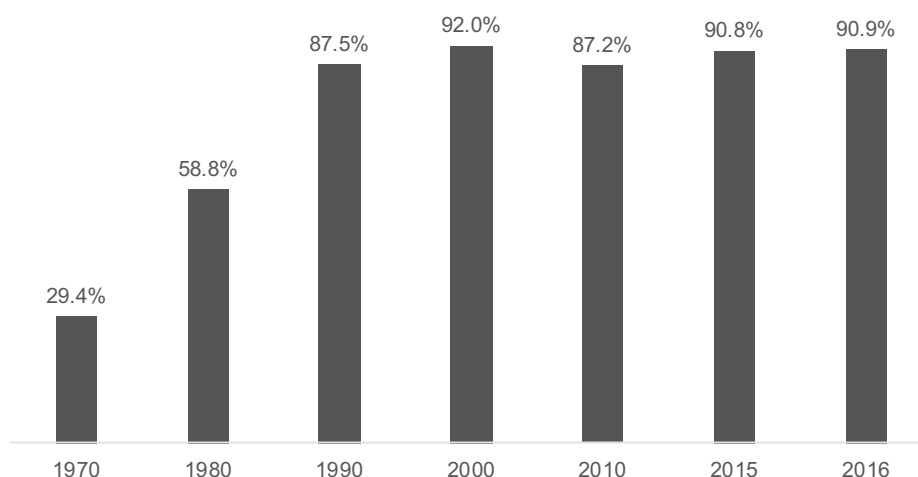


### Proportion of Local and Foreign Buyers<sup>16</sup>



Source: Independent Market Research Report

### Singapore Home Ownership Rate<sup>17</sup>



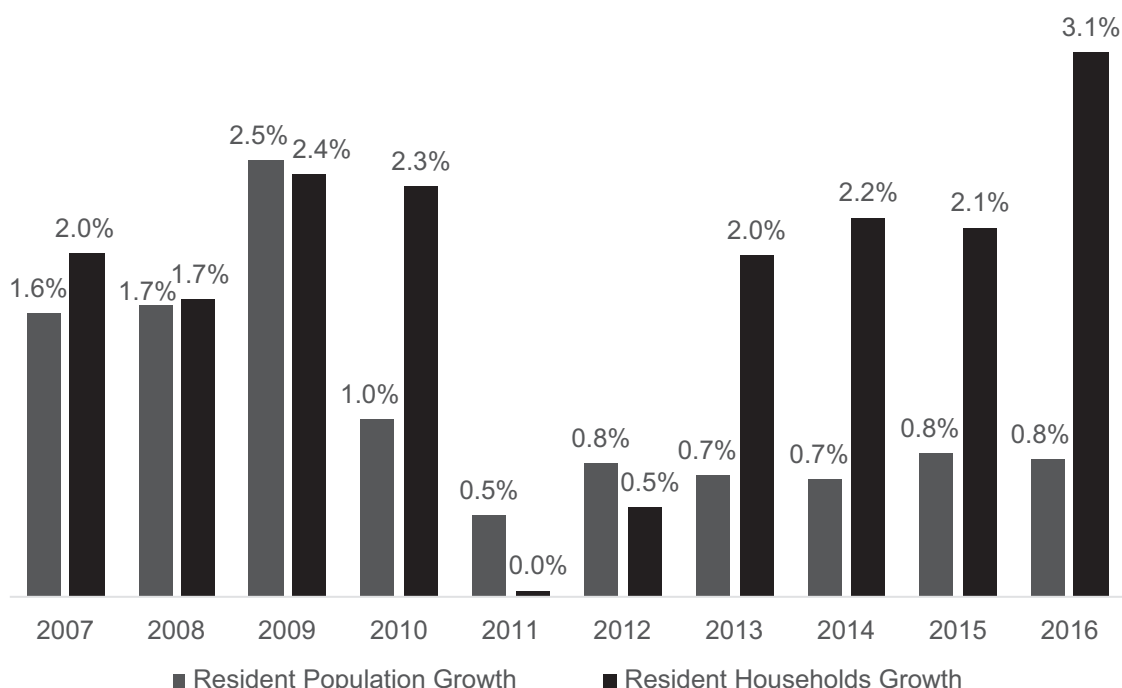
Source: Independent Market Research Report

<sup>16</sup> Information on percentage of total buyers for Singaporeans, Singapore PRs, foreigners, and companies obtained from URA REALIS, data accessed on 28 April 2017. URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>17</sup> Data on Singapore home ownership rate obtained from Singstat, as found in (<http://www.singstat.gov.sg/statistics/visualising-data/charts/home-ownership-rate-of-resident-households>), as extracted on 28 April 2017. Singstat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

According to Cushman & Wakefield, household formation in Singapore has been relatively robust, outpacing population growth since 2013, indicating a sharp fall in average household size. Cushman & Wakefield expects this trend to persist and become a primary driver of demand for the residential market.

**Resident Population and Resident Household Growth (%)<sup>18</sup>**



Source: Independent Market Research Report

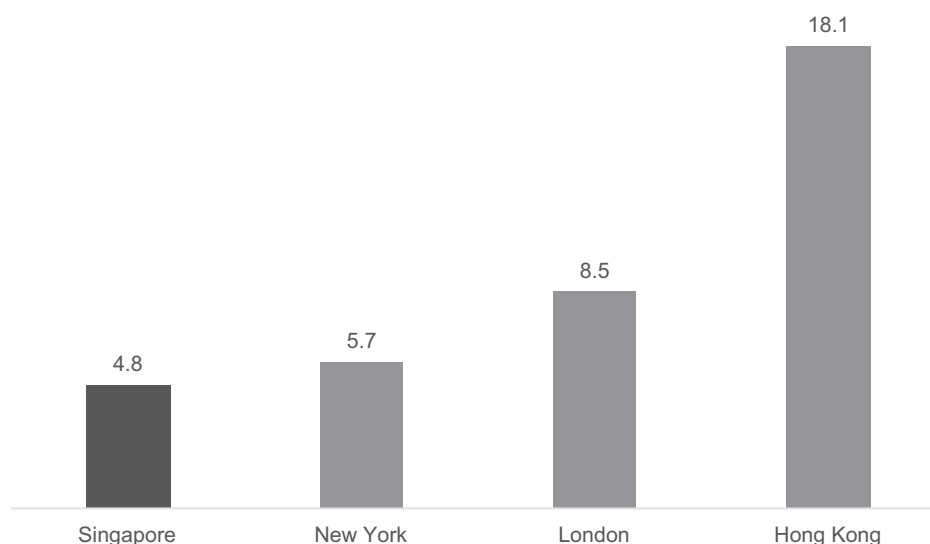
Furthermore, according to Cushman & Wakefield, low interest rates and strong demand continue to drive prices up in most Asian markets. Despite the implementation of tax-based and other restrictive policies by various governments to cool the housing market, Singapore appears to be the only major market where prices were effectively contained as housing prices in other major cities such as Hong Kong and Shanghai continued to climb between 2013 and 2016<sup>19</sup>. Further, according to Cushman & Wakefield, Singapore's residential property market is attractive in terms of value as its housing price to income ratio of 4.8 is the lowest among the global "superstar" cities such as New York, London and Hong Kong.<sup>20</sup>

<sup>18</sup> Data on resident households obtained from Singstat, as found in (<http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=12359>) as extracted on 28 April 2017. Data on resident population obtained from Singstat, as found in (<http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=1347>) as extracted on 28 April 2017. Singstat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>19</sup> Emerging Trends in Real Estate Asia Pacific 2017 by PwC, dated November 2016. PwC has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>20</sup> 13th Annual Demographia International Housing Affordability Survey 2017, data for 3rd Quarter 2016. Demographia has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

### Housing Price to Income Ratio of Peer Cities



Source: Independent Market Research Report

According to Cushman & Wakefield, with the moderation in prices over the last four years, foreign investors who also contribute to demand are returning to Singapore's private residential market to capitalise on the potential upside in prices. Foreigners purchased 1,080 units in 2016 compared to 919 units in 2015, reflecting an increase of 17.5%.<sup>21</sup>

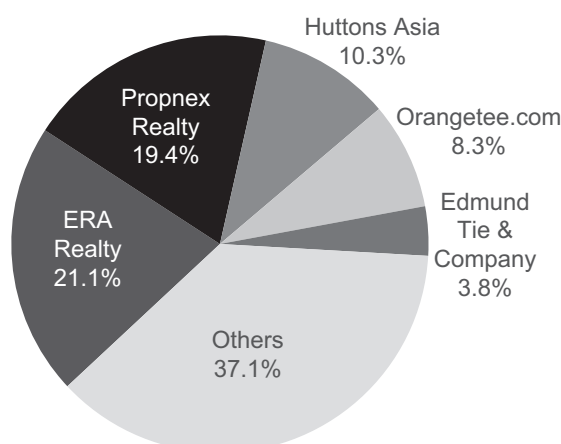
See "*Prospects*" for further details.

<sup>21</sup> Information on number of foreign buyers obtained from URA REALIS, data accessed on 28 April 2017. The URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

**(c) We have one of the largest agent networks in Singapore**

We have one of the largest registered real estate agent networks in Singapore with 6,223 agents as at 31 March 2017. The following charts show our agent share in Singapore as at March 2017 and the number of agents for ERA Realty and Singapore from January 2012 to March 2017:

**Agent Share in Singapore (as at March 2017)<sup>22</sup>**

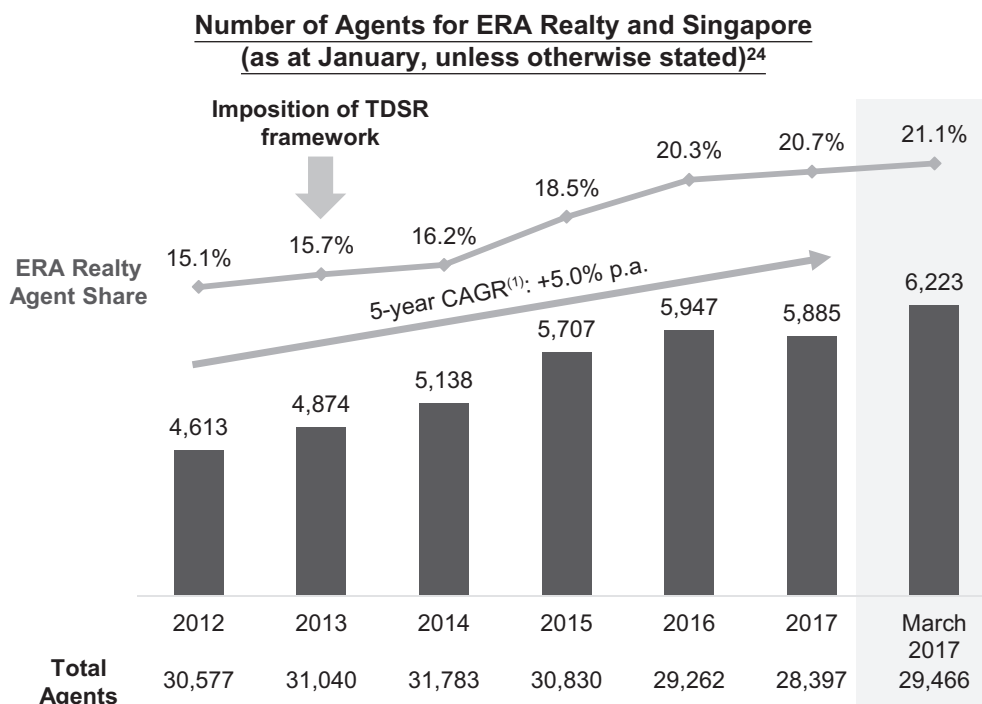


**Note:** On 12 June 2017, PropNex Realty announced that it would merge with Dennis Wee Group. Following the merger, the number of agents registered with PropNex Realty and ERA Realty was 6,688 and 6,176 respectively as at 10 July 2017. In addition, on 28 August 2017, Orangetee.com and Edmund Tie & Company announced the launch of OrangeTee & Tie, which is a joint venture between their respective associate agency divisions. The combined entity is expected to have more than 4,000 agents registered with them.<sup>23</sup>

Source: Independent Market Research Report

<sup>22</sup> Information obtained from CEA public register, found in ([www.cea.gov.sg/public-register](http://www.cea.gov.sg/public-register)) as extracted on 28 July 2017. CEA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>23</sup> Lee Meixian. "Singapore property agencies OrangeTee, Edmund Tie & Co form joint venture" The Business Times, 28 August 2017. Each of Lee Meixian and The Business Times has not provided her or its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to her or it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.



**Note:**

(1) 5-year compound annual growth rate (“**CAGR**”) from January 2012 to January 2017

Source: Independent Market Research Report

Our success in retaining and recruiting agents is evidenced by the fact that ERA Realty's agent network has increased steadily at a 5-year CAGR of 5.0% per annum from January 2012 to January 2017. We believe our ability to attract and retain agents is attributed to the following factors that position us as the leading brokerage platform in Singapore:

- (i) we have an established track record and strong brand recognition in Singapore;
- (ii) we provide our agents with comprehensive training, career development and leadership programmes;
- (iii) through our strong relationship with developers, we offer our agents a high quality pipeline of new project launches which can be a high volume source of commission;
- (iv) we provide our agents with innovative technological tools to equip them with the latest and most relevant marketing and real estate market information; and
- (v) through being a member of the ERA global franchise network, we offer a worldwide referral network where our agents can reach out to buyers who are based overseas (see “– We hold the exclusive ERA regional master franchise rights for the Territories in the Asia-Pacific region and are a member of the ERA global franchise network”).

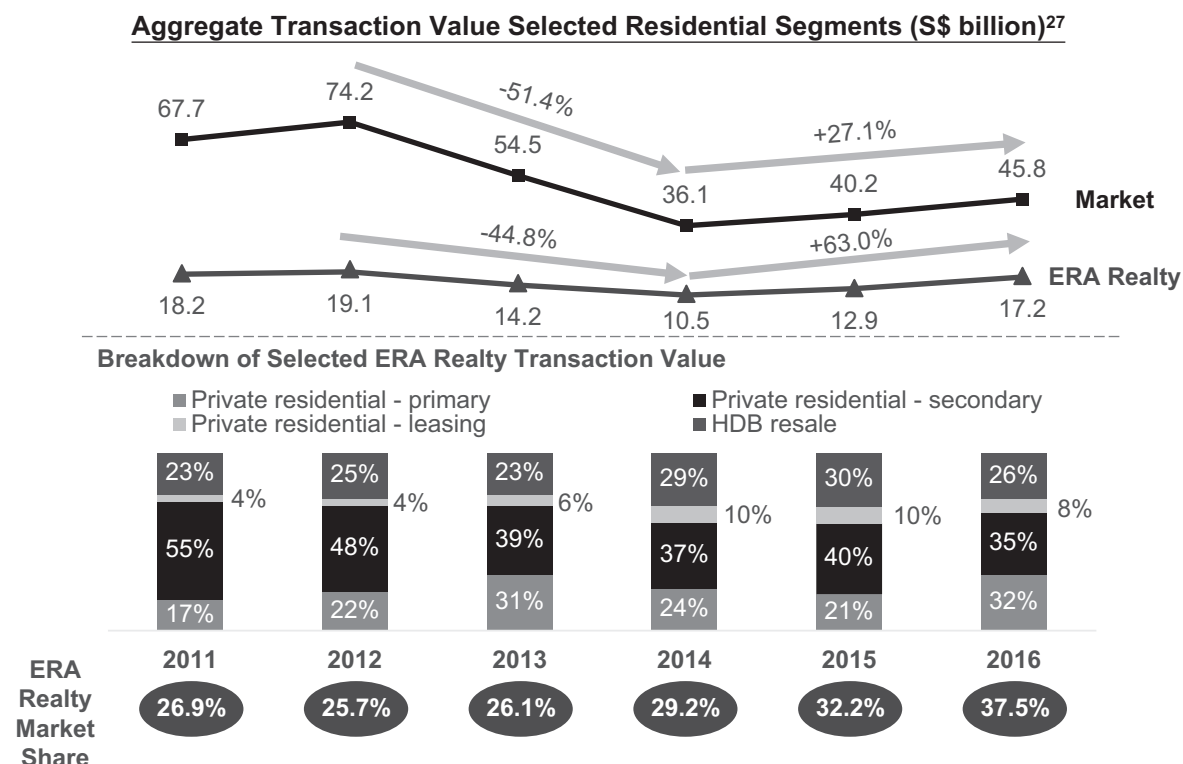
**(i) We have an established track record and strong brand recognition in Singapore**

The strong brand recognition that we enjoy in Singapore is underscored by the multiple industry branding awards which we have received over the years. See “– Our Awards” for the awards and

<sup>24</sup> Information obtained from CEA public register, found in ([www.cea.gov.sg/public-register](http://www.cea.gov.sg/public-register)) as extracted on 28 July 2017. CEA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

accolades that we have received. Our strong market presence is illustrated in the chart below which shows:

- our proven ability to maintain and increase market share, from 26.9% in 2011 to 37.5% in 2016, in spite of declining market transaction volumes due to the imposition of property cooling measures<sup>25</sup>; and
- the lower volatility and outperformance of our annual aggregate transaction value compared to the market which decreased 44.8% and 51.4% respectively during the market down cycle from 2012 to 2014 and increased 63.0% and 27.1% respectively during the recent market recovery from 2014 to 2016.<sup>26</sup>



**Note:** Comprises transaction value of private primary and secondary residential sales and leasing and HDB resale transactions.

Source: Independent Market Research Report

<sup>25</sup> Source: Independent Market Research Report

<sup>26</sup> Source: Independent Market Research Report

<sup>27</sup> Information on private residential new homes transacted in Singapore obtained from URA REALIS, data accessed on 28 April 2017. The URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.



Further, as illustrated in the chart above, since the change in our Group's ownership in 2013, we have grown our market share<sup>28</sup> each year from 25.7% in 2012 to 37.5% in 2016, indicating a four-year CAGR of 9.9% per annum.

**(ii) We provide our agents with comprehensive training, career development and leadership programmes**

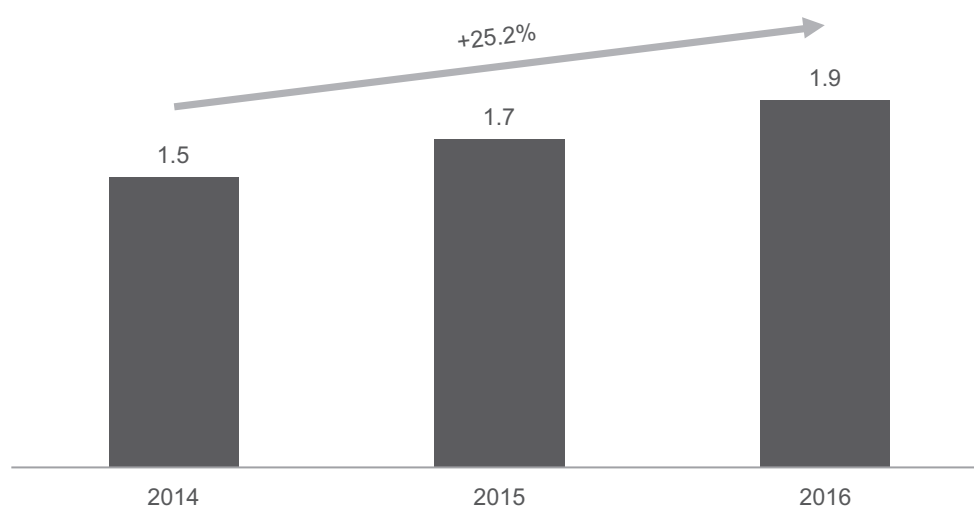
We provide our agents with a wide range of training and development programmes including in-house training on industry knowledge, marketing strategies, career and personal development as well as leadership and management strategies.

**In-house Training Programmes Conducted by ERA Realty**



In addition, we provide continuing professional development training to our agents and agents from other agencies. Our RIA School of Real Estate is one of few Approved Course Providers appointed by the CEA and is also an accredited training centre licensed to provide CPD training to agents. Our agents attend training courses at the RIA School of Real Estate as the Estate Agents (Estate Agency Work) Regulations 2010 requires agents to undertake six credit hours of mandatory CPD each year, thus providing for a steady and recurring stream of training fee income. Training fee income increased 25.2% from S\$1.5 million in 2014 to S\$1.9 million in 2016.

**Training Fee Income (S\$ million)**



<sup>28</sup> Based on total transaction value and comprises private primary and secondary residential sales and leasing and HDB resale transactions.

**(iii) Through our strong relationship with developers, we offer our agents a high quality pipeline of new project launches which can be a high volume source of commission**

We have launched 158 projects and sold more than 34,000 residential units since 2007 up to the Latest Practicable Date. Through these projects, we believe that we have cultivated strong relationships with major residential property developers in Singapore. Over the years, many of the large iconic projects in Singapore were marketed by us, such as The Interlace, Sky Habitat and D'Leedon. We have secured project marketing agent roles in 14 projects in 2016 and eight projects in 2017 (up to the Latest Practicable Date), representing 66% and 91% of the total number of units for all the projects respectively. The eight projects in 2017 include The Clement Canopy, Grandeur Park Residences, iNz Residence, Park Place Residences at PLQ, Seaside Residences, Martin Modern, Hundred Palms Residences and Le Quest. See “– Our Services – Real Estate Brokerage Services” below.

**(iv) We provide our agents with innovative technological tools to equip them with the latest and most relevant marketing and real estate market information**

We provide our agents with the latest technological tools to equip them with the latest and most relevant marketing and real estate market information to facilitate the closing of transactions and enhance co-broking opportunities among our agents. The experience that we have gained and the knowledge that we have accumulated have helped us to develop many innovative and successful marketing strategies, products and services for the real estate brokerage industry. Over the years, we have leveraged on new technology to innovate and remain at the forefront of the real estate brokerage industry with initiatives such as:

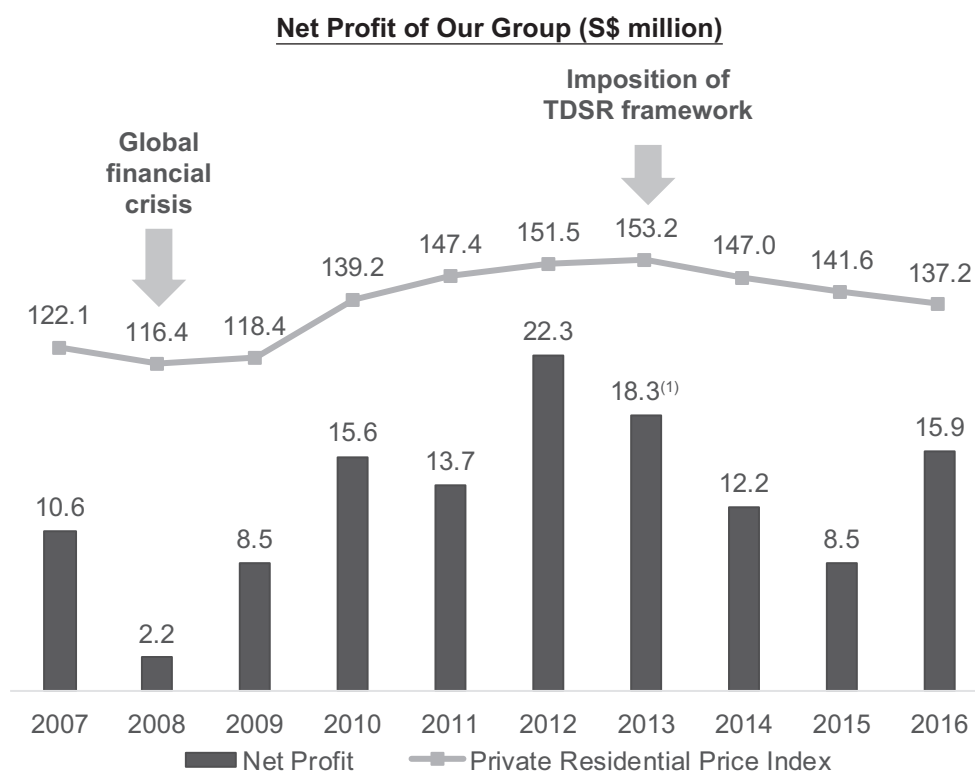
Year	Initiative
2017	Launched ERA Zap, a feature in i-ERA App that facilitates internal co-broking between teams  Enhanced i-ERA App with new features such as i-ERA map which shows an overview of ERA listings and island-wide transactions within a selected radius in a map
2016	Launched 24/7 PropWatch, a property watch, search and match service offered free of charge to the public
2013	Launched ERA SG Projects App, the first mobile app where our agents can access real-time information on all of our new launches and existing projects
2012	Launched i-ERA App, the first mobile app developed and used by a real estate agency in Singapore
2008	Launched ZapCode which allows customers quick real-time updates of properties and transactions on their mobile phones  Launched 98TXTERA, a messaging service for instant access to real estate information
2004	Introduced the first-of-its-kind round-the-clock mobile, property search tool via handheld devices
1991-1999	Introduced RealNet, a 24-hour computerised international property search  First real estate agency in Singapore to introduce a Mobile Access Network to market properties with the use of message pagers  First real estate agency in Singapore to introduce ERA Property Online on TCS Teletext, a real time information sources accessible by the public via televisions

We believe that the scale and capabilities of our network has provided the following advantages to our Group:

- ability to reap greater benefits from promotional activities by investing in brand building and large scale promotion activities;
- ability to offer our customers and agents greater access to a wide array of real estate opportunities, by leveraging on the extensive ERA global franchise network; and
- ability to leverage on our strong market position to win large scale projects and successfully execute our marketing strategies through our extensive agent network and experienced agents.

**(d) We have built a resilient business model**

We believe that we have built a resilient business model which allows us to withstand the cyclical nature of the property market as we have (i) a robust operating expense structure, (ii) a brokerage business that is diversified across all property segments and (iii) other non-brokerage businesses. This is reflected in our ability to maintain a consistent track record of profitability even across property market down cycles.



**Note:**

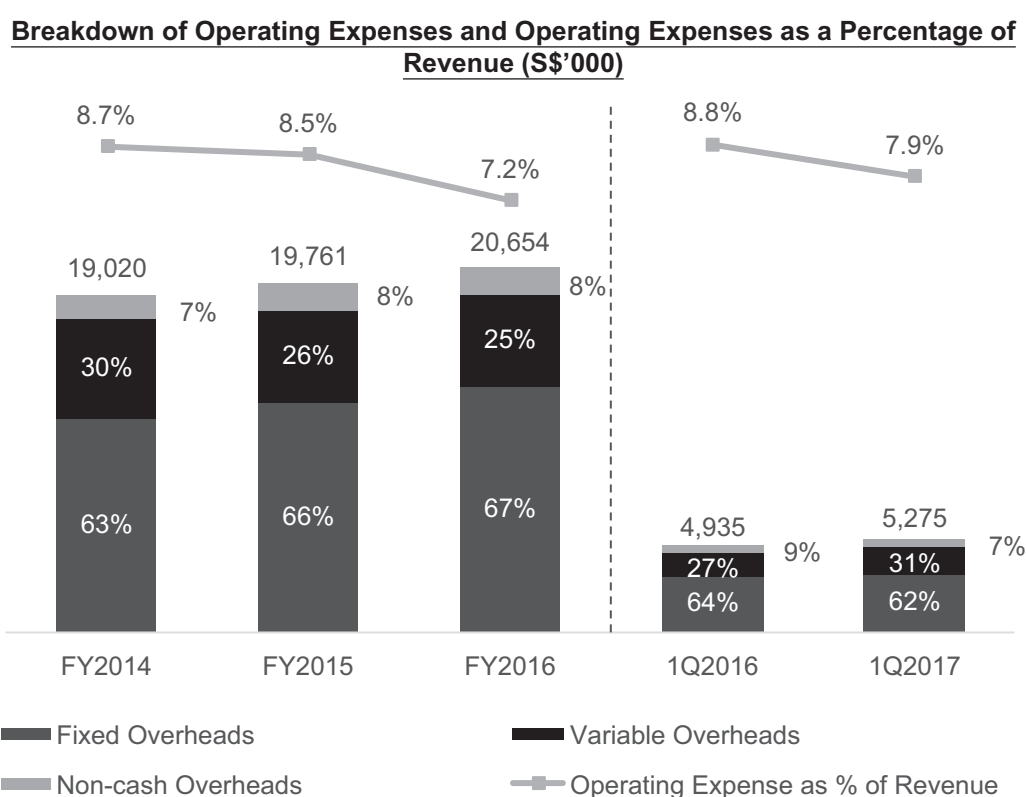
- (1) Excludes expenses related to the acquisition of our subsidiaries from Hersing. As described in “*Our History and Development – Key Milestones*”, our Company was incorporated in 2013 and acquired our subsidiaries from Hersing (the then-holding company of our subsidiaries) and hence became the holding company of our Group. Net profit from 2007 to 2013 is calculated based on a summation of the net profits of such subsidiaries for each of the respective financial years.

(i) **We have a robust operating expense structure**

With our leading market share (by number of agents) of approximately 21.1%<sup>29</sup>, we believe that we have the ability to leverage on economies of scale. Our operating expenses include, among others, marketing and promotion expenses, personnel costs, and depreciation and amortisation costs and such expenses can be shared across a larger agent network. In FY2016, the proportion of our operating expenses to our revenue was low at approximately 7.2%.

A large proportion of our total cost structure is comprised of variable costs. In FY2016, 91.6% of our total costs and expenses were attributable to brokerage commission that was paid to agents which is pegged to sales.

Our operating expenses are also predominantly fixed costs, which do not increase proportionately to increases in our revenue. As illustrated in the following chart, our operating expenses as a percentage of revenue declined from 8.7% in FY2014 to 7.2% in FY2016 while our Group's revenue increased from S\$218.2 million to S\$287.7 million during the same period. Further, personnel and rental expenses contributed 78.0% and 22.0% respectively to our fixed overheads in FY2016.



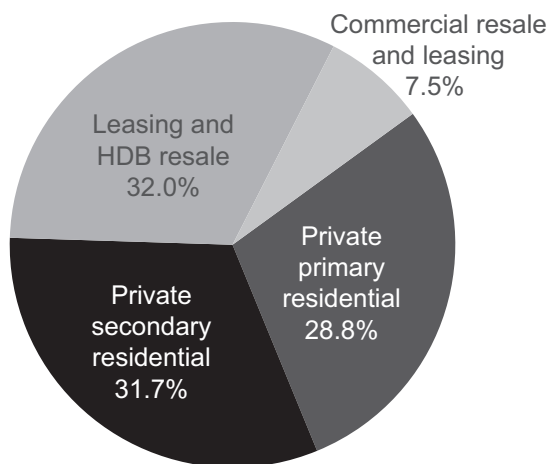
**Note:** Fixed overheads comprise personnel and rental expenses. Variable overheads comprise marketing and promotion expenses, administrative expenses and allowance for doubtful debts. Non-cash overheads comprise amortisation and depreciation expenses

<sup>29</sup> Source: Based on number of agents registered with ERA Realty as at 31 March 2017. On 12 June 2017, PropNex Realty announced that it would merge with Dennis Wee Group. Following the merger, the number of agents registered with PropNex Realty and ERA Realty was 6,688 and 6,176 respectively as of 10 July 2017. Information obtained from the CEA public register, found in ([www.cea.gov.sg/public-register](http://www.cea.gov.sg/public-register)), data accessed on 28 April 2017. CEA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

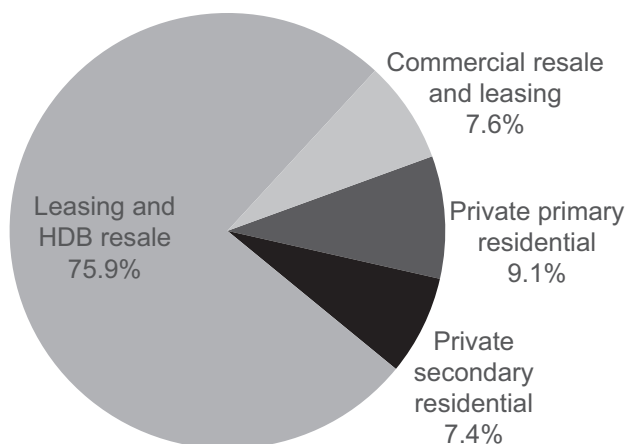
**(ii) Our brokerage business is diversified across all property segments**

Our brokerage business is diversified across commercial and residential transactions, including new home sales, and resale and rental transactions. This provides us with greater stability of brokerage income. The charts below illustrate the contribution by each property transaction segment to aggregate transaction value and transaction volume for FY2016.

**Breakdown of ERA Realty's Transaction Value for FY2016**



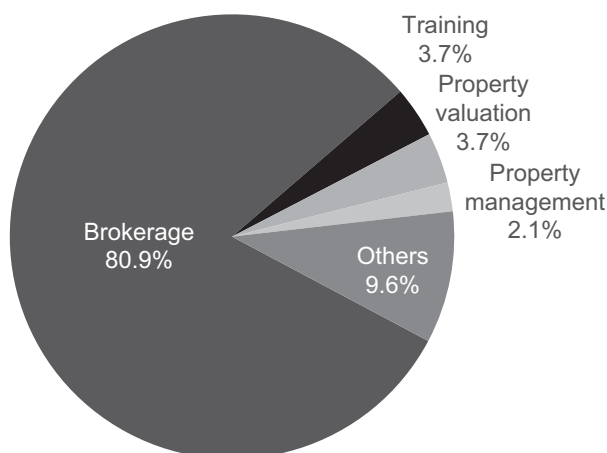
**Breakdown of ERA Realty's Transaction Volume for FY2016**



(iii) **Our overall business is diversified across other non-brokerage businesses**

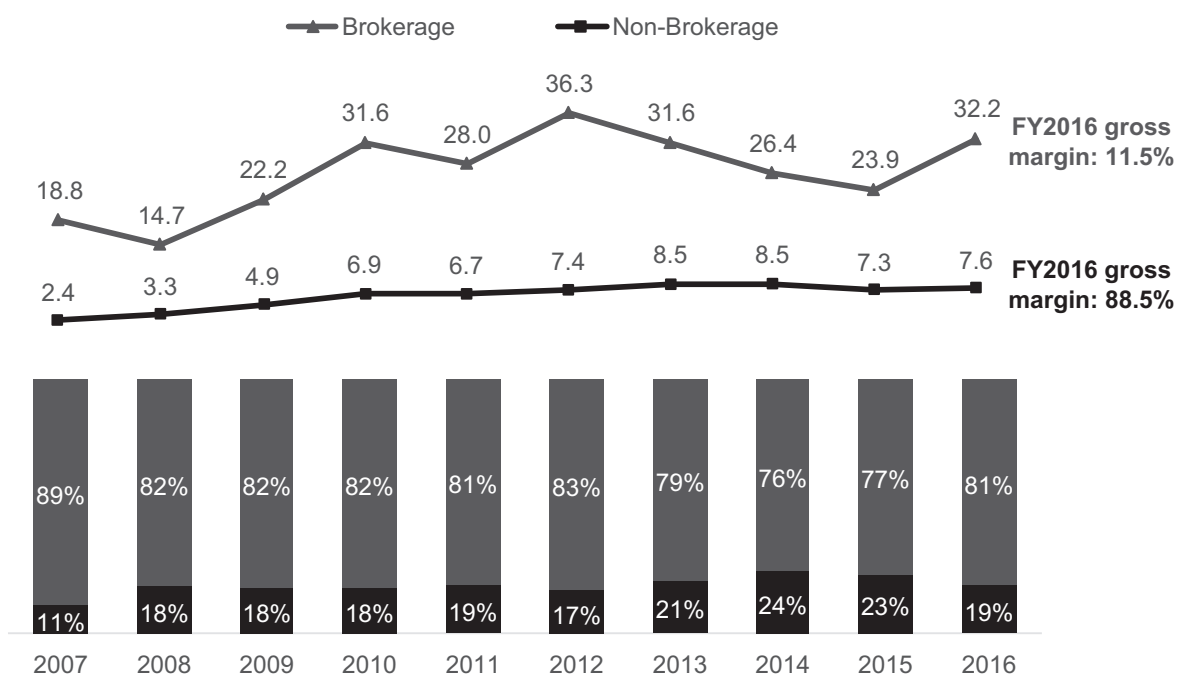
Besides brokerage services, we also offer our customers a diversified range of other property-related services such as property management, auction, valuation and research. The chart below shows the breakdown of gross profit for FY2016 by business segments.

**Breakdown of Gross Profit for FY2016**



Our non-brokerage businesses contributed 19.1% of gross profit for FY2016. These property-related services contribute to our recurring income streams and typically have higher margins, offering greater resilience against the cyclical nature of the property market. The stability of this income stream as compared to income generated by our brokerage business is shown in the following chart.

**Comparison of Brokerage and Non-Brokerage Gross Profit (S\$ million)**



(e) **We have an experienced management team with vast experience in the real estate brokerage sector**

Our Executive Officers have an average of approximately 20 years of experience in the real estate industry, and have been with our Group<sup>30</sup> for 27 years (in the case of Mr. Jack Chua, our Executive Director and Chief Executive Officer), 18 years (in the case of Mr. Eugene Lim, our Key Executive Officer) and six years (in the case of Mr. Poh Chee Yong, our Chief Financial Officer). See

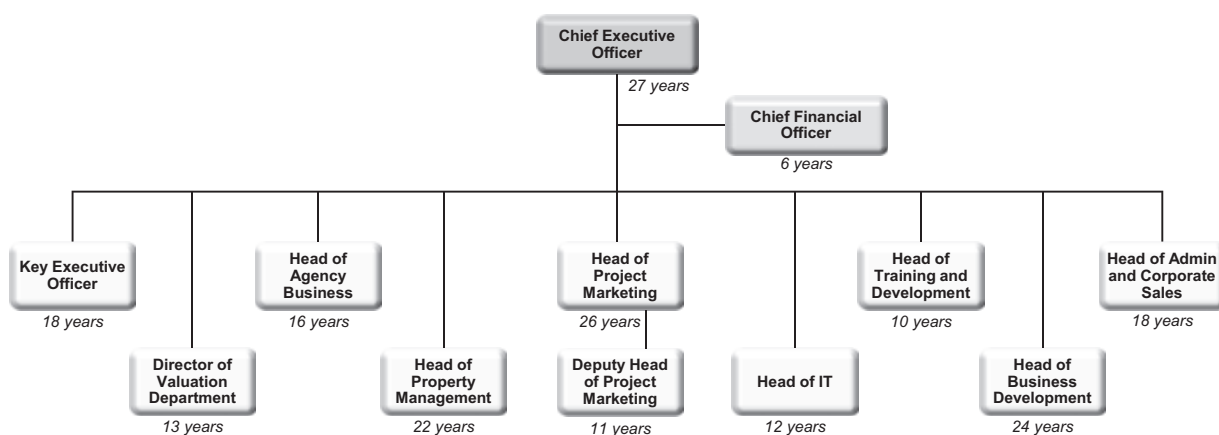
<sup>30</sup> Including under the previous holding company of our subsidiaries



“*Management – Executive Officers*”. Mr. Jack Chua joined our Group in 1990 (under the previous holding company of our subsidiaries) and was the President of our Group before being appointed as Chief Executive Officer in 2013.

In addition to our Executive Officers, we are supported by a senior management team. Our Executive Officers and senior management team have an average of approximately 17 years of experience with our Group<sup>31</sup>. Their number of years of experience with our Group is shown below.

#### **Organisation Chart and Number of Years with our Group<sup>31</sup>**



The roles of the respective heads of departments and their number of years with our Group<sup>31</sup> are summarised in the table below.

Role	Number of Years with our Group	Description
Chief Financial Officer	6	Our Chief Financial Officer heads the finance and commission teams comprising a total of 29 employees. The finance team is responsible for financial management and implementing controls to safeguard our assets, integrity of our data and financial information. The commission team handles enquiries from and payment of commissions to our agents.
Key Executive Officer	18	Our Key Executive Officer ensures that our and our agents' business dealings are in compliance with the Estate Agents Act (as defined herein) and the relevant subsidiary legislation. He oversees the legal and compliance team which is the first point of contact that investigates any customer feedback. The team also ensures adherence to procedures and work ethics that comply with prevailing rules and regulations that govern real estate agency work.
Head of Agency Business	16	The agency business team oversees our daily operations and works closely with the team leaders and agents. They also manage marketing campaigns to maintain a high level of brand awareness and maintain ERA as the preferred real estate brand. The team also undertakes recruitment activities such as career fairs to recruit new agents to join us.
Head of Project Marketing	26	The project marketing team takes charge and manages developer project sales. The team also provides real estate consultancy services to our growing list of developer clients, from privately owned companies to public listed multi-national companies.
Deputy Head of Project Marketing	11	

<sup>31</sup> Including under the previous holding company of our subsidiaries

Role	Number of Years with our Group	Description
Head of Administration and Corporate Sales	18	<p>The administration team supervises the daily operations across all our offices. The team ensures maintenance of our facilities, offering our agents a conducive environment to host meetings and complete their real estate brokerage transactions.</p> <p>The corporate sales team manages the career merchandise and the eStore, allowing agents to represent the ERA brand with a professional image to customers.</p>
Director of Valuation Department	13	The valuation team offers a full suite of real estate valuation services encompassing mortgage, sale and purchase valuations. They have experience in valuing properties from HDB flats to en bloc sales, commercial shop houses and factories for government agencies, financial institutions, companies and private individuals.
Head of Property Management	22	The property management team provides management services to ensure the handover of new development units to buyers and oversees works to upkeep the value of various residential and commercial management committee strata title properties. They also offer specialised services in rental and asset management to property owners, trustees and corporations.
Head of Training and Development	10	The training and development team plays a critical role in ensuring that our agents continue to excel in the ever-changing real estate market. Agents can upgrade their knowledge and skills to provide better customer service to their clients. The team constantly reviews and infuses new ideas to the programmes to groom our agents in their career and maintain our position as their agency of choice.
Head of Information Technology	12	The IT team leads the development of technology tools and services to support business operations. It manages our websites, agent service portals, mobile applications, email, commission and invoicing systems. IT infrastructure support of servers, networks and availability of hardware resources also come under their care. In addition, the team undertakes in-house trainings to ensure that our agents have a smooth adoption of new technology. This team also handles corporate alliances with real estate service vendors.
Head of Business Development	24	The business development team oversees the growth and development of our business reach, and leads partnerships with other organisations to drive revenue. It works towards establishing ERA as an iconic regional brand and providing our sub-franchisees and agents with the best brand experience and support for strong returns. Other areas of focus include exploring new investments, technology and other strategic opportunities.

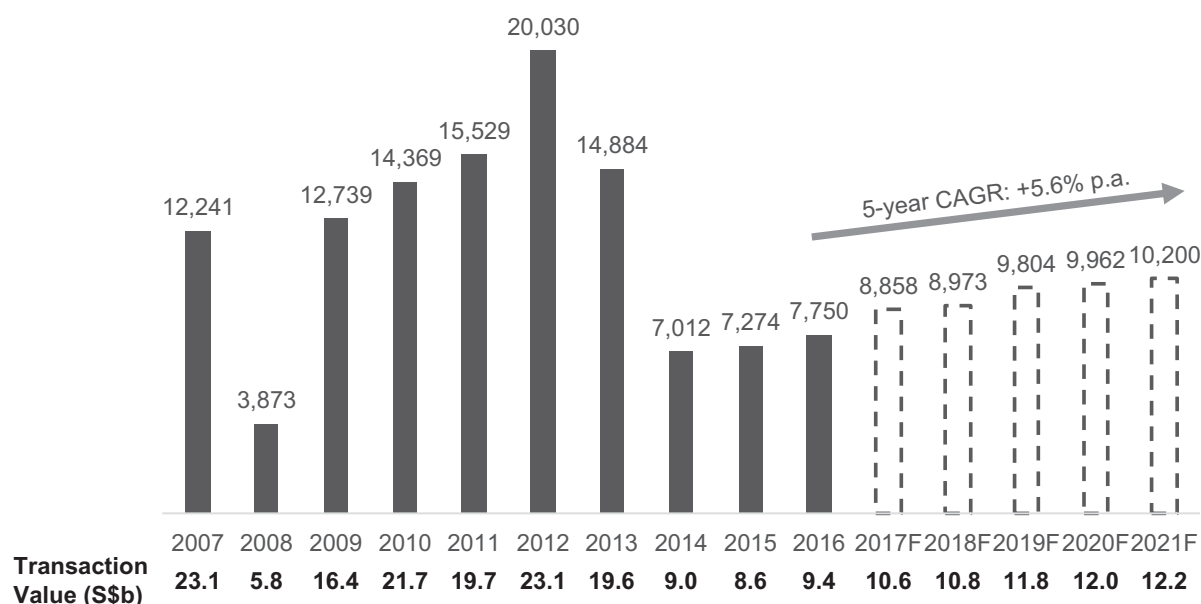
## PROSPECTS

*The information in this section “Prospects” is based on the Independent Market Research Report.*

As the revenue of real estate brokerage services providers is derived from commission that agents earn per transaction, transaction volume and value are important drivers for the business.

Cushman & Wakefield forecasts a gradual increase in primary transaction volume in Singapore over the next five years, in line with increased investor confidence in the market. Cushman & Wakefield expects primary transaction volume in Singapore to grow by 14.3% in 2017. There has been a recovery in the number of primary units sold in Singapore, which increased by 6.5% year-on-year in 2016.

#### **Singapore Primary Residential Market Transaction Volume Forecast (excluding ECs)<sup>32</sup>**



Source: Independent Market Research Report

Singapore's economic growth in 2016 exceeded general expectations. Gross domestic product ("GDP") grew 2.0% in 2016, outperforming the Singapore government's earlier forecast of between 1.0% and 1.5%<sup>33</sup>, and in 1Q2017, GDP grew by 2.5% year-on-year, with strong improvements in the manufacturing and services sectors underpinning economic growth.<sup>34</sup> According to Cushman & Wakefield, Singapore is capable of achieving a sustainable medium-term GDP growth rate of 3%, which would in turn support transaction volumes in the primary residential market.

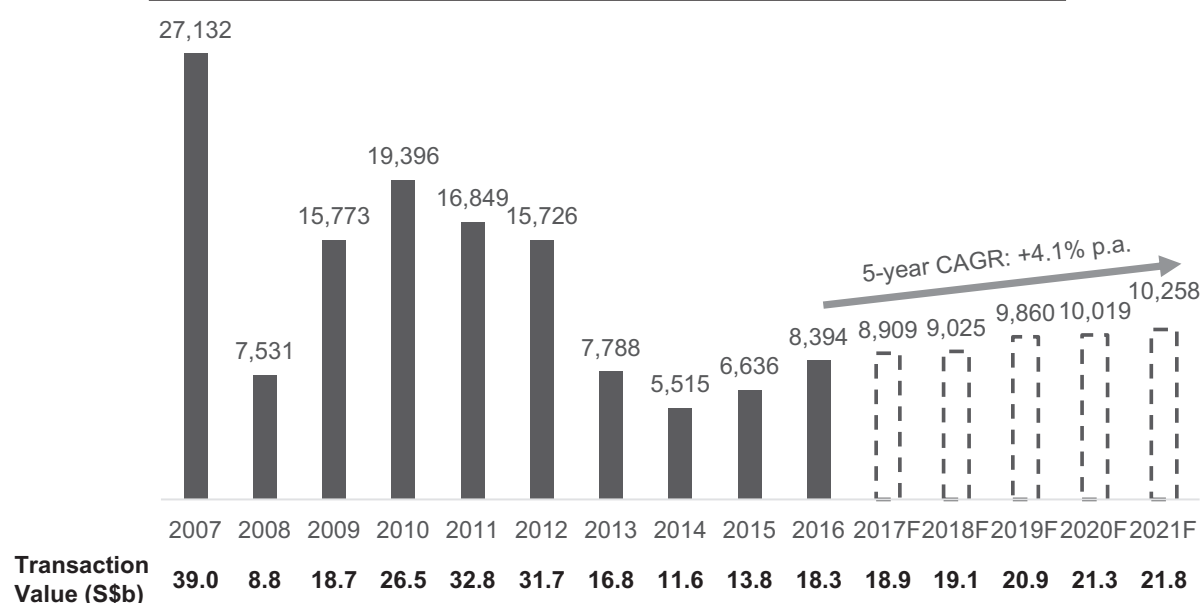
In addition, according to Cushman & Wakefield, buying activity in Singapore is forecast to improve in the next few years due to a positive outlook from 2016 in the secondary residential market and the easing of cooling measures announced in March 2017. The following table illustrates the forecast transaction value and volume in Singapore from 2017 to 2021.

<sup>32</sup> Information of primary transaction value and volume for 2016 obtained from URA REALIS, data accessed on 28 April 2017. Primary transaction value and volume forecast for 2017 – 2021 by Cushman & Wakefield Research. The URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>33</sup> Ministry of Trade and Industry (MTI) Singapore's media release dated 17 February 2017. MTI has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>34</sup> Source: Independent Market Research Report.

## Singapore Secondary Residential Market Transaction Volume Forecast<sup>35</sup>



Source: Independent Market Research Report

According to Cushman & Wakefield, the long-term prospects of the Singapore residential market remain positive, and transaction volumes are expected to be driven by improved market sentiments resulting from government policies and initiatives.

### Government policies and initiatives

Cushman & Wakefield expects real estate transaction volumes to be driven by government policies and initiatives including (a) property cooling measures, (b) decentralisation plans and (c) increase in housing grants.

#### (a) Property Cooling Measures

Transaction volumes and prices suffered a sharp decline in 2014, largely due to the cumulative effect of the introduction of a series of cooling measures as well as the implementation of the TDSR framework in mid-2013, which limited the amount of monthly repayment of all debts of a buyer to 60% of income. The imposition of the TDSR framework contributed to a decline in total transaction volume for both the primary and secondary private residential market from 27,137 units in 2013 to 13,981 units in 2014.

In March 2017, the Singapore government eased the property cooling measures by shortening the Seller's Stamp Duty from four years to three years with reduced rates, which instilled greater confidence in investors, according to Cushman & Wakefield.

In addition, Cushman & Wakefield believes that the introduction of the Additional Conveyance Duty on residential property-holding entities would incentivise developers to offload their unsold units via asset sales rather than share transfers. With the imminent deadlines for developers for Qualifying Certificate and Additional Buyer's Stamp Duty, developers will likely increase marketing activities on their unsold units, thus increasing secondary residential market volumes in the medium term.

#### (b) Decentralisation Plans

The Singapore government plans to achieve growth through decentralisation of commercial activities to commercial centres outside the city to bring jobs closer to homes, mitigate congestion and offer

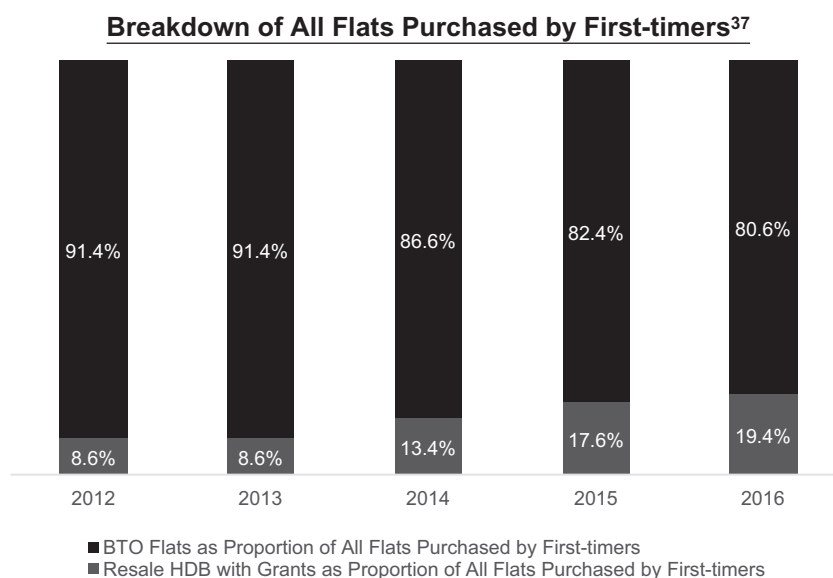
<sup>35</sup> Information obtained from URA REALIS, data accessed on 28 April 2017, Cushman & Wakefield Research. The URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

businesses alternative locations which are more affordable. As part of this long-term strategy, several locations across Singapore have been identified for development, including Jurong, Paya Lebar, Woodlands, Tampines and Novena. Woodlands, for instance, is expected to have almost 10,000 new dwelling units under HDB's "Remaking Our Heartland" programme, which is part of the master plan.

To ensure that these commercial centres are located near public transport interchanges, Singapore is also expected to double its rail network by 2030 with two new lines and the extension of existing lines.<sup>36</sup>

### (c) *Increase in Housing Grants under Budget 2017*

Under the Budget 2017, the Singapore government extended more assistance to couples purchasing HDB flats for the first time through the resale market. The CPF Housing Grant was raised from S\$30,000 to S\$50,000 for couples purchasing resale HDB flats that are four-room or smaller and from S\$30,000 to S\$40,000 for couples purchasing resale flats that are five-room or bigger. Cushman & Wakefield believes that the changes give more incentive to buyers to purchase flats from the HDB resale market, as compared to Build-to-Order flats. According to the Independent Market Research Report, one in five new HDB flat buyers purchased resale flats in 2016, more than double the proportion recorded five years ago. Cushman & Wakefield believes that this increase can also be attributed to the larger number of flats in desirable locations and price moderation in the resale market over the last four years.



Source: Independent Market Research Report

### **Population Income Growth**

Population income has been growing at a more moderate pace. Among resident employed households, median monthly household income from work grew by 2.6% (in real terms) from S\$8,666 in 2015 to S\$8,846 in 2016. In the last five years from 2011 to 2016, the average household income per household member of the top 10% households grew 2.7% per annum in real terms, at the lower end of the range of 2.4% to 4.2% annual growth for other income groups.<sup>38</sup> Nevertheless, steady income growth and rising household net worth have led to higher demand for residential properties.

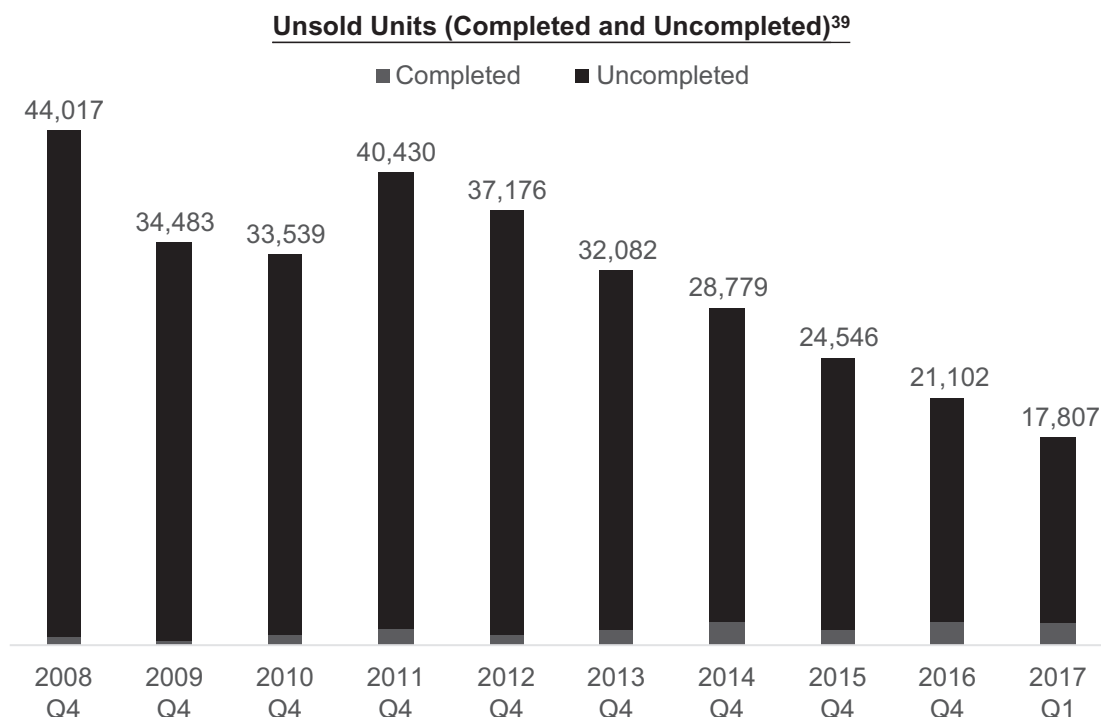
<sup>36</sup> Source: Independent Market Research Report

<sup>37</sup> Housing & Development Board, "Joint press release by MND & HDB: Enhanced CPF housing grant offers more affordable housing options to first-time homebuyers" found in ([www.hdb.gov.sg/cs/infoweb/press-release/enhanced-cpf-housing-grant-20022017](http://www.hdb.gov.sg/cs/infoweb/press-release/enhanced-cpf-housing-grant-20022017)) as extracted on 28 April 2017. The HDB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information

<sup>38</sup> Source: Independent Market Research Report.

## Supply of Residential Units

According to Cushman & Wakefield, depleting unsold landbank from listed developers coupled with declining availability of government land sales residential units resulting in developers turning to the private en-bloc market, are likely to cause an upward pressure on home prices in the primary market.

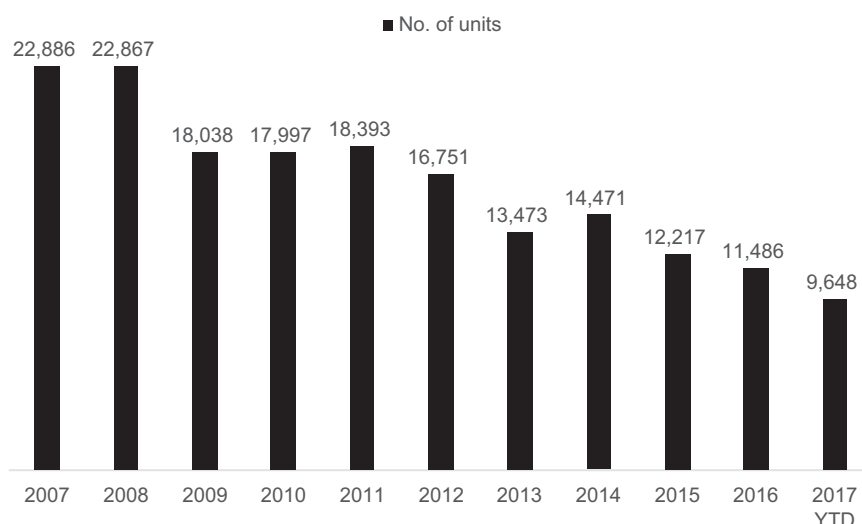


Source: Independent Market Research Report

<sup>39</sup> Information on number of completed and uncompleted unsold units obtained from URA REALIS, data accessed on 28 April 2017, Cushman & Wakefield Research. The URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

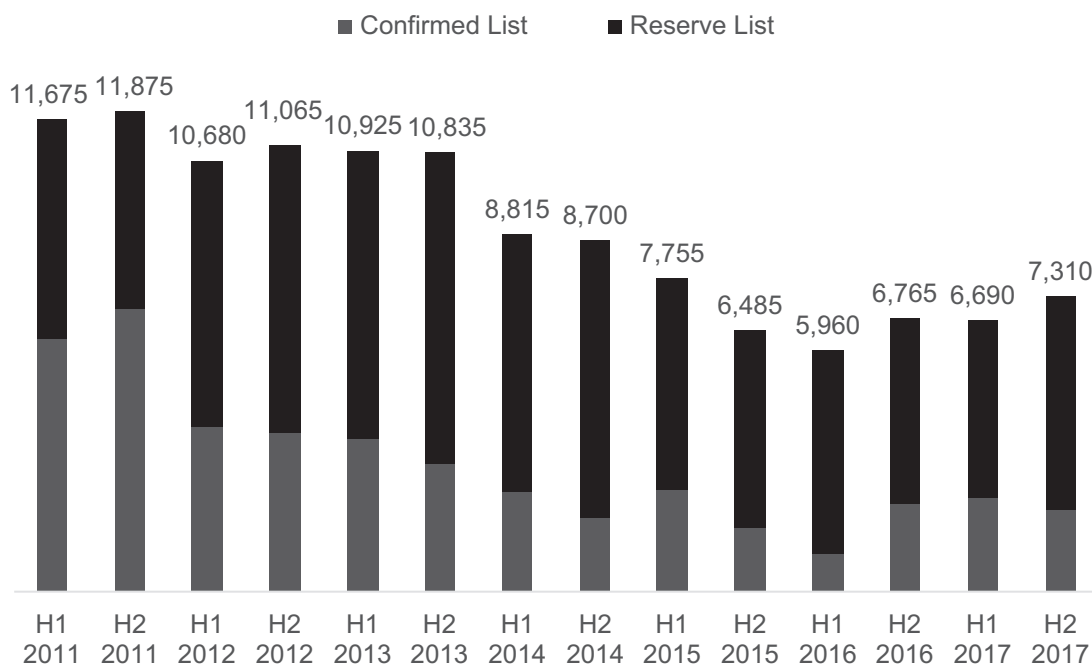


### Unsold Landbank by Listed Developers<sup>40</sup>



Source: Independent Market Research Report

### Availability of Government Land Sales (“GLS”) Residential Units<sup>41</sup>



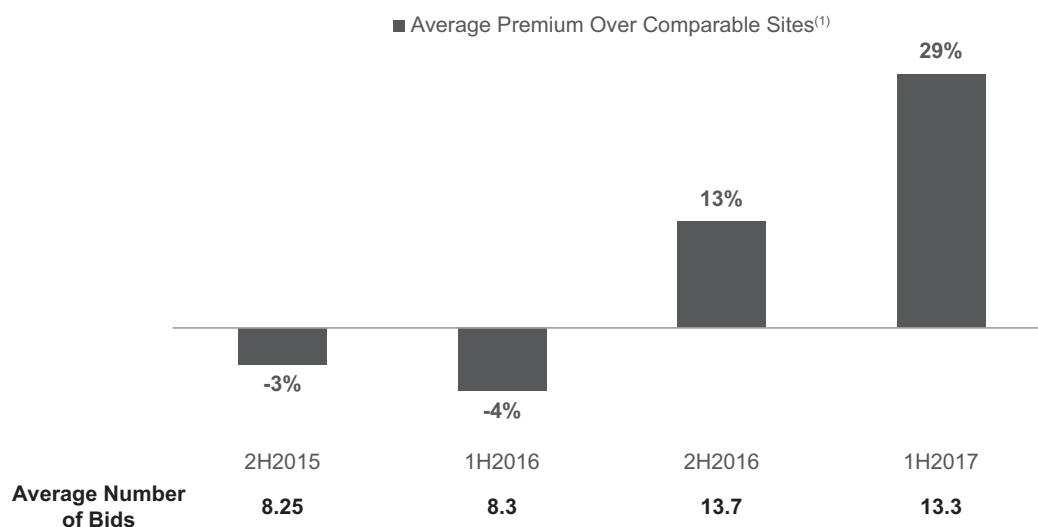
Source: Independent Market Research Report

<sup>40</sup> Information on listed developers' annual unsold landbank obtained from J.P. Morgan estimates, extracted on 25 July 2017, Cushman & Wakefield Research. J.P. Morgan has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>41</sup> Information on number of GLS residential units available obtained from URA, data accessed on 25 July 2017, Cushman & Wakefield Research. The URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

In addition, according to Cushman & Wakefield, developers have paid an average of 29% premium over comparable sites for the first five months of 2017 as compared to sub-zero in late 2015 and early 2016. The increasingly bullish bids by developers in recent land tenders indicate a potential increase in home prices when these projects are launched.

#### **Bids by Developers in Land Tenders<sup>42</sup>**



**Note:**

(1) Premium was tabulated by comparing with prices of comparable sites transacted in the last five years.

Source: Independent Market Research Report

## **STRATEGIES**

### **Strengthen and expand our presence in Singapore**

We intend to strengthen and expand our presence in Singapore to further benefit from the recovery of the Singapore residential property market through establishing a centralised business centre. From time to time, we may also explore opportunities to increase our agent network in Singapore through recruiting individual agents and/or acquiring agent networks.

The lease for our office headquarters expires in May 2018 with an option to renew for a further three years. The new business centre will serve as a hub for our agents to interact, exchange ideas, attend training and have easy access to senior management and to facilitate greater synergies and more efficient knowledge sharing. We can also lease part of the business centre as private office space to our agents, providing us with a stream of recurring income.

We intend to set aside approximately S\$10.0 million of the net proceeds due to us from the Offering and the issue of the Cornerstone Shares for strengthening and expanding our presence in Singapore.

### **Expand our range of services and geographical presence in the Asia-Pacific region**

We intend to grow our business by (a) expanding our range of real estate-related services and (b) expanding our geographical presence in the Asia-Pacific region.

#### **(a) Expand our range of real estate-related services**

With the competitive margins of our brokerage business, we intend to further diversify our business into other real estate-related services that offer higher margins, while maintaining our

<sup>42</sup> Data on average number of bids obtained from URA, data accessed on 25 July 2017. Data on average premium over comparable sites calculated by Cushman & Wakefield Research. The URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

focus on our brokerage business. We could leverage on our strong agent network and large customer base to maximise cross-selling opportunities. Our brokerage business contributed 79.8% of our gross profit in 1Q2017, while our training, valuation and property management business contributed 2.3%, 2.5% and 2.3% respectively for the same period. In addition, as our residential real estate brokerage business is cyclical in nature, increasing our exposure to other sources of income such as training, valuation, property management, commercial and industrial leasing, purchasing, auction, research and facilities management would contribute to greater stability in our cash flows and improved profitability.

**(b) *Expand our geographical presence in the Asia-Pacific region***

We intend to expand and deepen our presence in key markets in the Asia-Pacific region (in particular the Territories) either by setting up a brokerage office, entering into sub-franchise arrangements with local operators or acquiring an existing agent network (subject to any applicable non-compete restrictions). This would allow us to develop an additional source of income, create synergies with our Singapore operations and diversify our exposure to the Singapore residential property market.

One potential opportunity is to grow our footprint in China where we currently have limited presence. According to Cushman & Wakefield, the housing market in China experienced rapid growth in 2016 with average prices for new developments across the 70 major cities in China growing 12.4% from 2015 to 2016. Such rapid growth in prices was particularly observed in first-tier cities such as Shanghai, Shenzhen and Beijing. While this prompted the China central government to implement home purchase restrictions in 16 cities and it is expected that government intervention in the China real estate market will persist, Cushman & Wakefield views the prospects in China for real estate agencies to remain strong due to the sheer size and scale of its real estate market. Cushman & Wakefield also believes that as the China market matures, there will be increasing opportunities beyond the first-tier markets with wealth emerging from the second and third-tier markets.

The following table shows the GDP and population of selected Territories in 2016:<sup>43</sup>

Selected Territories	2016 GDP <sup>(1)</sup> (US\$ billion)	2016 Population (million)
China	11,199.1	1,378.7
Japan	4,939.4	127.0
South Korea	1,411.2	51.2
Australia	1,204.6	24.1
Indonesia	932.3	261.1
Taiwan	528.6	23.5
Thailand	406.8	68.9
Hong Kong	320.9	7.3
Philippines	304.9	103.3
Malaysia	296.4	31.2
Vietnam	202.6	92.7
New Zealand	185.0	4.7
Myanmar	67.4	52.9
Macau	44.8	0.6
Cambodia	20.0	15.8
Papua New Guinea	20.0	7.9
Laos	13.8	7.2
Brunei	11.4	0.4

**Note:**

(1) Not adjusted for inflation.

Source: Independent Market Research Report

We intend to set aside approximately S\$10.0 million of the net proceeds due to us from the Offering and the issue of the Cornerstone Shares for expanding our range of services and geographical presence in the Asia-Pacific region.

### Enhance our technological capabilities

We place a strong emphasis on enhancing agent productivity. We currently offer various tools such as mobile applications (i-ERA, ERA SG Projects), a website (ERA.com.sg), a customer relationship and management system (24/7 PropWatch) and an internal portal (MyERA) which we have developed for our agents to facilitate the execution of real estate transactions. See “– *Our Competitive Strengths – We have one of the largest agent networks in Singapore – We provide our agents with innovative technological tools to equip them with the latest and most relevant marketing and real estate market information*”. These tools provide our agents with, among others, up-to-date information on the latest

<sup>43</sup> Information on 2016 GDP and total population data for Papua New Guinea, Laos and Taiwan were obtained from International Monetary Fund as found in (<https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx?sy=2015&ey=2022&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=99&pr1.y=9&c=853%2C544&s=NGDPD%2CLP&grp=0&a=>), and (<https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx?sy=2015&ey=2017&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=76&pr1.y=13&c=528&s=NGDPD%2CLP&grp=0&a=>) as extracted on 28 April 2017. Information on 2016 GDP and total population data for the other countries in the above chart were obtained from The World Bank as found in (<http://data.worldbank.org/indicator/SP.POP.TOTL>) as extracted on 28 April 2017. Each of The International Monetary Fund and The World Bank has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

property transactions, properties for sale or rent, and the number of potential buyers or tenants for the property they are marketing, thereby increasing the chances of prospecting and closing transactions while saving time and marketing costs. Benefits that our agents' customers in turn enjoy from some of these tools include the ability to reduce the time required to find a desired property through convenient access to property listings.

We intend to continue to enhance our technological capabilities, create and/or acquire new tools to increase our business efficiency and offer better levels of service to our customers and agents, including through investments and/or partnerships with third parties. We intend to set aside approximately S\$5.0 million of the net proceeds due to us from the Offering and the issue of the Cornerstone Shares for enhancing our technological capabilities.

## **OUR SERVICES**

Our business is divided into three business segments: (a) real estate brokerage services, (b) franchise arrangements and (c) training, valuation and other ancillary services.

### **Real Estate Brokerage Services**

We provide real estate brokerage services in Singapore through ERA Realty under the ERA brand. ERA Realty has been appointed as an ERA Member Broker pursuant to the ERA Realty Membership Agreement.

We believe ERA Realty is the first company in Singapore to offer real estate brokerage services under a franchise system. As at 31 March 2017, we have 6,223 agents registered with ERA Realty and we are one of the largest real estate agencies in Singapore.

Our revenues from this segment are mainly derived through the provision of property brokerage services and we also derive commission-based fees from primary sales, secondary sales and rental of residential, commercial and industrial properties.

New home sales are a key focus area for ERA Realty. Our project sales team is comprised of 13 experienced members. Our project sales team has executed 158 marketing launches in Singapore since 2007 up to the Latest Practicable Date. Our project sales team maintains close working relationships with major residential property developers in Singapore and frequently engages with property developers at an early stage of the project development. When a new project is ready to be launched, ERA Realty is typically invited to make a pitch to the management of the developer for the opportunity to be the marketing agent for the project. See “– *Our Competitive Strengths – We have one of the largest agent networks in Singapore – Through our strong relationship with developers, we offer our agents a high quality pipeline of new project launches which can be a high volume source of commission*”.

Upon securing a mandate for a marketing launch, ERA Realty provides marketing advice to the developer and organises teams of agents to be stationed at the showroom during the period of the marketing launch. These teams of agents provide dedicated support to the marketing launch and are able to explain the features of the project to prospective buyers and to answer questions about the project. Marketing launches typically last from one month to two years. ERA Realty then assists the prospective buyers in signing the option to purchase the property and in engaging financial institutions to provide mortgage loans. Buyers for new projects typically pay developers in a series of progressive payments. ERA Realty will recognise commissions from developers for units sold by our agents once the sale and purchase agreements are signed by the buyers and the developers have collected upfront deposits.

The projects marketed by ERA Realty in 2016 and 2017 up to the Latest Practicable Date are set out below.

No.	Project Name	Developer	No. of Units	Launch Date		District
				Month	Year	
1.	Wandervale (EC)	Sim Lian (Starlight) Pte Ltd	534	Mar	2016	23
2.	The Wisteria	Northern Resi Pte. Ltd. and Northern Retail Pte. Ltd.	216	Mar	2016	27
3.	Cairnhill Nine	CH Residential Pte Ltd & CH Commercial Pte Ltd (a subsidiary of CapitaLand)	268	Mar	2016	9
4.	Sturdee Residences	SL Capital (1) Pte Ltd (a subsidiary of Sustained Land Pte Ltd)	305	April	2016	8
5.	The Visionaire (EC)	Qingjian Realty (Sembawang) Pte Ltd	632	April	2016	27
6.	GEM Residences	Gem Homes Pte Ltd (a joint venture by Gamuda Berhad, Evia Real Estate (7) Pte Ltd, and Maxdin Pte Ltd)	578	May	2016	12
7.	Treasure Crest (EC)	Sim Lian (Anchorvale) Pte Ltd	504	July	2016	19
8.	Northwave (EC)	Hao Yuan (Woodlands) Pte Ltd	358	July	2016	25
9.	The Alps Residences	MCC Land (Tampines) Pte Ltd	626	Oct	2016	18
10.	Forest Woods	Serangoon Green Pte. Ltd. (a joint venture by City Development Ltd, Hong Leong Holdings Ltd and TID Pte Ltd)	519	Oct	2016	19
11.	Parc Riviera	EL Development (West Coast) Pte Ltd	752	Nov	2016	5
12.	Victoria Park Villas	Athens Residential Development Pte. Ltd. (a subsidiary of CapitaLand)	109	July	2016	10
13.	The Clement Canopy	UOL Venture Investments Pte. Ltd and SingLand Homes Pte Ltd	505	Feb	2017	5
14.	Grandeur Park Residences	CEL Changi Pte Ltd (a subsidiary of Chip Eng Seng Corporation)	720	Mar	2017	16
15.	iNz Residence (EC)	Qingjian Realty (Choa Chu Kang) Pte Ltd	497	Mar	2017	23
16.	Park Place Residences at PLQ	Milano Central Pte Ltd, Roma Central Pte Ltd, Verona Central Pte Ltd	429	Mar	2017	14
17.	Seaside Residences	East Vue Pte Ltd (jointly owned by Frasers Centrepoint Singapore, Sekisui House Ltd & Keong Hong Holdings Limited)	841	April	2017	15
18.	Martin Modern	Martin Modern Pte Ltd (GuocoLand Limited)	450	July	2017	9
19.	Hundred Palms Residences (EC)	Hoi Hup Hougang Development Pte Ltd	531	July	2017	19
20.	Le Quest	Qingjian Realty (BBR) Pte Ltd. and Qingjian Realty (BBC) Pte Ltd.	516	Aug	2017	23

**Note:** Projects marketed by ERA Realty with less than 100 residential units have not been included.

Resale transactions (together with contribution from rental transactions) are our main revenue contributor, comprising 74.4% of gross revenue for 1Q2017, and 74.3% of gross revenue for FY2016. We particularly focus on the residential resale market, which forms the largest segment of the resale property market by value. Historically ERA Realty has been the dominant market leader in the HDB and the private residential resale segments. This dominance is attributable to our broad base of customers – we serve all segments of the resale market, from mass market to luxury. Further, HDB resale transactions remain robust across business and property cycles as a majority of Singaporeans own HDB flats and we believe that there is a constant demand for HDB resale flats from buyers with basic housing needs. This contributes to the resilience of our business model. See “– *Our Competitive Strengths – We have built a resilient business model*”.

The market awareness of our brand and services created from our presence in the resale market has been beneficial to our expansion into the sale and lease of commercial and industrial units as well as for new development projects.

We achieved S\$18.9 billion in value of property sales and leases in 2016 which represented an increase of more than 29.0% over the value of property sales and leases in 2015 of S\$14.6 billion. The percentage breakdown by transaction value of sales and leases for the private residential, public residential and commercial/industrial sectors for FY2015 and FY2016 are set out below:

<b>Sales</b>	<b>FY2016</b>	<b>FY2015</b>
Private residential (including ECs)	60.5%	53.5%
Public residential	23.5%	26.7%
Commercial/industrial	4.4%	6.0%
<b>Subtotal</b>	<b>88.4%</b>	<b>86.2%</b>
<b>Leases</b>		
Private residential	7.0%	8.4%
Public residential	1.5%	1.9%
Commercial/industrial	3.1%	3.5%
<b>Subtotal</b>	<b>11.6%</b>	<b>13.8%</b>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## Franchise Arrangements

### ***Regional MFA***

#### ERA Marks and ERA System

Under the ERA Regional Master Franchise Agreement for Asia-Pacific dated 19 November 1999 (together with (a) the deed of assignment of rights and delegation of duties pursuant to which Hersing assigned all of its rights, title and interest and delegated all its duties and obligations under the agreement to our Company and our acceptance of the assignment of rights and delegation of duties, each dated 11 October 2013 and (b) the amendment agreement dated 6 September 2017 (the “**ERA Amendment**”), the “**Regional MFA**”), Realogy has granted a licence to us to use the ERA Marks and the ERA System and to license the ERA Marks and the ERA System to sub-franchisees in the Territories.

We thus acquired the exclusive ERA regional master franchise rights for the Territories in the Asia-Pacific region from Realogy. We were also assigned the existing ERA sub-franchisees in Indonesia, Japan, Korea, Malaysia, Singapore (being our subsidiary, ERA Singapore), Taiwan and Thailand. We have also since appointed a sub-franchisee as ERA master franchisor for Vietnam. Under the Regional



MFA, we are required to take all commercially reasonable steps to, and use our best efforts to cause our sub-franchisees (who are the master franchisors for their territory) and their franchisees to, preserve the goodwill and prestige of the ERA Marks.

**“ERA Marks”** means the trade names, trademarks and servicemarks, whether in English or any other language, including the name “ERA” which have been or will be registered in the Territories, or for which registration has been or will be applied in the Territories, together with the other slogans, logos or other indicia of the ERA System (**“US Registrations”**) which have not been registered in the Territories, to the extent such US Registrations do not infringe the rights of third parties in the Territories, together with marks which may be developed, registered or used in the future for the ERA System.

**“ERA System”** means the proprietary plan for the sublicense of franchises to real estate brokers developed by ERA, policies, procedures, merchandising techniques, manuals, forms, advertising and marketing programs, control and other systems together with certain “ERA” marks.

#### Collateral Businesses

The licence granted to us by Realogy under the Regional MFA to use the ERA Marks and the ERA System and to license the ERA Marks and the ERA System to sub-franchisees in the Territories does not extend to collateral businesses.

Collateral businesses is defined in the Regional MFA as including, without limitation, real estate inspection services, escrow services, appraisals, title insurance, property management, mortgage brokerage, mortgage lending, mortgage insurance, trust companies, household goods moving services and/or the providing of any other goods or services to real estate brokers or their clients or customers, under or using the ERA Marks and/or ERA System).

Under the Regional MFA, the prior written authorisation of Realogy is required for us to enter into newly established collateral businesses using the ERA Marks and/or the ERA System. The Regional MFA provides that Realogy shall not act unreasonably in granting or denying consent, but may impose reasonable requirements on us and/or our sub-franchisees’ collateral businesses and any subsidiary that may be formed for the purpose of carrying on any such collateral business, including a requirement that any such subsidiary be bound by the terms of the Regional MFA.

We do not currently use the ERA Marks or the ERA System for any collateral businesses.

The Regional MFA also provides for Realogy, its parent and subsidiaries (including sister companies controlled by a common parent, other than real estate brokerage office franchisors) to retain the right to concurrent use of the ERA System and ERA Marks (excluding the right to own or operate ERA real estate brokerage franchises, or grant “ERA” franchises to real estate brokers) within the Territories, and that Realogy (and/or ERA) and/or its subsidiaries may establish and/or operate collateral businesses within the Territories.

In the event Realogy (and/or ERA) and/or its subsidiaries elect to establish and/or operate a collateral business within the Territories, Realogy shall provide our Company not less than 60 days’ written notice prior to establishing or entering any collateral business, and consult with our Company regarding its plans/intentions concerning the operation of such collateral business.

In addition, Realogy is not to grant a licence to any other person or entity which permits the operation of a newly established collateral business under the ERA Marks within the Territories without first offering our Company a right of first refusal exercisable by us within 60 days of receipt of notice of the terms and conditions of the proposed licence, by commencing negotiations in good faith to finalise the licence agreement on substantially the terms and conditions proposed within such 60 day notice period.

#### Term and Termination

The Regional MFA has an initial term of 30 years, which expires in 2029. Upon the expiration of the initial term or the term of any subsequent renewal (including any successive renewal period), our

Company has the option to renew the Regional MFA upon the same terms and conditions (except that payment of the initial franchise fee does not apply) for additional 30-year terms, provided that our Company delivers timely notice of our intent to renew and at the time of such notice, our Company is not in material default of any of the provisions of the Regional MFA.

The Regional MFA may be terminated by either party (i.e. Realogy or our Company) upon a material and uncured breach by the other party of a material provision of the Regional MFA or of any other agreement or document entered into or delivered pursuant to the Regional MFA. If Realogy elects to terminate the Regional MFA, it is to notify us and may terminate the Regional MFA upon our failure to cure the breach within 30 calendar days of such notice (or if such breach is not susceptible of cure within such 30 days, then the cure period shall be extended for so long as reasonably necessary to afford us a fair opportunity to cure, provided we commence in good faith efforts to cure such breach within 20 days after such notice and thereafter pursues such cure diligently at all times).

Realogy may also elect to terminate the Regional MFA immediately without recourse to any legal formalities or court procedures, upon the occurrence of any one of the following: (a) any one or more of certain specified events relating to insolvency of our Company, (b) a breach by our Company for which Realogy has given us a prior notice of breach within the previous 12 months, (c) an assignment of the Regional MFA by our Company or one or more sales, transfers or new issues of stock in violation of the requirement to seek Realogy's prior written consent (as described below), or (d) a failure of our Company to provide Realogy with a right of first refusal as required under the Regional MFA (as described below).

The Regional MFA may also be terminated if, among other things, we are unable to obtain the necessary registration or permits to grant real estate franchises, we fail to maintain the prescribed minimum net worth of US\$250,000 and minimum amount of liquid capital of US\$100,000 or any provisions of the Regional MFA becomes in conflict with laws, ordinances or regulations of any governmental entity or body having jurisdiction over all or a substantial portion of the Territories or the Regional MFA and the conflicting provisions cannot be deleted without materially affecting the basic agreement and/or relationship between our Company and Realogy.

The Regional MFA requires that upon termination, our Company shall within 30 days eliminate the word "ERA" from our company name and immediately cease to use the ERA System and ERA Marks. Consequently, in the event that the Regional MFA is terminated and we cease to be the ERA regional master franchisor for the Territories, we will no longer receive royalty income from our ERA sub-franchisees in the Territories. However, we can still operate as an ERA Member Broker in Singapore (pursuant to the ERA Realty Membership Agreement), as ERA master franchisor for Singapore (pursuant to the Singapore MFA) and as Coldwell Banker master franchisor for Singapore (pursuant to the Coldwell Banker MFA).

The Regional MFA also provides that within 30 days of termination of the Regional MFA (other than for breach by Realogy), any and all Membership Agreements and/or sub-franchise agreements entered into by our Company involving the use of the ERA Marks shall, at the option of Realogy, be assigned to Realogy or its nominee, and the total gross receipts received by our Company from franchisees and/or sub-franchisees from and after the date of said termination shall be paid over by our Company to Realogy or its nominee.

We are also to pay to Realogy, within 30 days of termination (other than termination as a result of breach by Realogy), liquidated damages in an amount determined as follows: (a) the amount in US dollars equal to the average annual total of continuing service fees or minimum service fees, as the case may be, payable by our Company to Realogy under the Regional MFA for the three calendar years immediately preceding the year in which the Regional MFA is terminated (the "**Termination Year**"), then (b) multiplied by 1.5, then (c) multiplied by three or the number of calendar years, including the Termination Year, remaining in the initial or renewal term of the Regional MFA, whichever is less. As described in "*Our ERA Sub-Franchisees*" below, we pay a continuing service fee to Realogy, calculated as a portion of the royalty income we receive from our sub-franchisees to Realogy, subject to an agreed minimum amount.

Whether during or after termination or expiration of the Regional MFA, if we develop any new concepts, processes, materials or improvements in the operation or promotion of the ERA System, we

are to promptly notify Realogy and provide them with all necessary information with respect thereto without compensation, and all such concepts, processes, materials and improvements shall become the property of Realogy and/or ERA, as the case may be.

#### Non-Compete Restrictions

Under the Regional MFA, and as amended by the ERA Amendment, during the term of the agreement and for a period of one year after termination or expiration of the agreement (except in the event of termination by Realogy without cause or termination by our Company for cause), our Company, our Directors (during the term of their appointment), our senior executive officers (during the term of their appointment), APRH, PGA Realty and Mr. Tan Choon Hong are subject to non-compete restrictions pursuant to which we and they may not:

- (a) enter the real estate brokerage business in competition with our franchisees or sub-franchisees or their franchisees, nor have a direct or indirect financial interest in any of our franchisees or our sub-franchisees or their franchisees, without Realogy's prior written consent; or
- (b) engage in or have a direct or indirect financial interest in a company that engages in the sale and/or servicing of other real estate brokerage office franchises, except those real estate brokerage franchising systems owned or operated by Realogy or its affiliates or their parent.

The following are excluded from the non-compete restrictions:

- (i) our ownership and operation of the ERA Member Broker (real estate office) Franchise in Singapore (i.e. ERA Realty operating as an ERA Member Broker in Singapore);
- (ii) our ownership of the Coldwell Banker sub-franchising rights and operation of the Coldwell Banker System in Singapore; and
- (iii) any other real estate brokerage office franchising systems that are owned or operated by Realogy or its affiliates or their parent.

There are also similar provisions in the Coldwell Banker MFA, as amended by the Coldwell Banker Singapore Amendment.

Please also refer to *"Risk Factors – Risks Relating to our Business and Operations – The ERA brand is very important to our business and success, and we are subject to certain restrictive provisions under our franchise agreements"*.

#### Consent of Realogy and MFA Consent Undertakings

Under the Regional MFA, and as amended by the ERA Amendment, the prior written consent of Realogy (such consent not to be unreasonably withheld or delayed) is required for an assignment by our Company of the agreement or any of its rights, privileges, duties or obligations thereunder or in the event APRH's ownership of the Shares, PGA Realty's ownership of the Class A voting shares of APRH or Mr. Tan Choon Hong's ownership of the shares of PGA Realty is diluted to below 51.0%, subject to an exception for transfers to any properly formed and capitalised entity that is at least 51.0% owned by our Company, APRH, PGA Realty or Mr. Tan Choon Hong. Any such assignment, sale or transfer (actual or purported) without Realogy's prior written consent constitutes a default of a material obligation of the Regional MFA, shall be null and void as against Realogy and is a termination event under the Regional MFA, as described above. There are also similar provisions in the Coldwell Banker MFA, as amended by the Coldwell Banker Singapore Amendment. See *"Share Capital and Shareholders – Current Shareholders and Vendor"* for further details of the shareholdings.

On 8 September 2017, Mr. Tan Choon Hong provided an undertaking to our Company:

- (a) not to sell or transfer his holding of the ordinary shares of PGA Realty such that his holding of such shares is diluted to below 51.0% of the issued ordinary shares of PGA Realty;
- (b) to procure that PGA Realty will not issue new ordinary shares that would result in his holding of such shares being diluted to below 51.0% of the issued ordinary shares of PGA Realty;
- (c) to procure that PGA Realty's holding of the Class A shares of APRH is not sold or transferred such that PGA Realty's holding of such shares is diluted to below 51.0% of the issued Class A shares of APRH;

- (d) to procure that APRH will not issue new Class A shares that would result in PGA Realty's holding of such shares being diluted to below 51.0% of the issued Class A shares of APRH; and
- (e) to procure that APRH's holding of the ordinary shares of our Company is not sold or transferred such that APRH's holding of such shares is diluted to below 51.0% of the issued ordinary shares of our Company,

without satisfying the consent requirements under the Regional MFA and the Coldwell Banker MFA.

On 8 September 2017, PGA Realty provided an undertaking to our Company:

- (a) not to issue new ordinary shares that would result in Mr. Tan Choon Hong's holding of such shares being diluted to below 51.0% of the issued ordinary shares of PGA Realty;
- (b) not to sell or transfer its holding of the Class A shares of APRH such that its holding of such shares is diluted to below 51.0% of the issued Class A shares of APRH;
- (c) to procure that APRH will not issue new Class A shares that would result in PGA Realty's holding of such shares being diluted to below 51.0% of the issued Class A shares of APRH; and
- (d) to procure that APRH's holding of the ordinary shares of our Company is not sold or transferred such that APRH's holding of such shares is diluted to below 51.0% of the issued ordinary shares of our Company,

without satisfying the consent requirements under the Regional MFA and the Coldwell Banker MFA.

On 8 September 2017, APRH provided an undertaking to our Company:

- (a) not to issue new Class A shares that would result in PGA Realty's holding of such shares being diluted to below 51.0% of the issued Class A shares of APRH; and
- (b) not to sell or transfer its holding of the ordinary shares of our Company such that its holding of such shares is diluted to below 51.0% of the issued ordinary shares of our Company,

without satisfying the consent requirements under the Regional MFA and the Coldwell Banker MFA.

(such undertakings, the "**MFA Consent Undertakings**")

In each case, the MFA Consent Undertakings will not apply in the following circumstances:

- (i) where the sale or transfer (or proposed sale or transfer) of ordinary shares in PGA Realty, Class A shares of APRH or ordinary shares of our Company as referred to above occurs or is to occur as a result of an offer ("**Offer**") to acquire existing ordinary shares of our Company made by any person or persons ("**Offeror**") in compliance with or pursuant to waivers received from the Securities Industry Council of Singapore from compliance with, the Singapore Take-Over Code which is made to all Shareholders or to all Shareholders other than the Offeror and/or its concert parties. For the avoidance of doubt, such Offers will include, without limitation, a mandatory offer under Rule 14 of the Singapore Take-Over Code, a voluntary offer under Rule 15 of the Singapore Take-Over Code, a partial offer under Rule 16 of the Singapore Take-Over Code, an exit offer under the Listing Manual or a scheme of arrangement or compulsory acquisition under the Companies Act;
- (ii) if the Regional MFA and Coldwell Banker MFA have both been terminated;
- (iii) if our Company is no longer a party to both the Regional MFA and the Coldwell Banker MFA;
- (iv) where the consent requirements under the Regional MFA and Coldwell Banker MFA are no longer applicable; or
- (v) where Mr. Tan Choon Hong, PGA Realty or APRH (as the case may be) is required by applicable law or an order of court of competent jurisdiction to effect such sale or transfer.

The Regional MFA also includes a general provision that whenever the consent of Realogy is required to be given, Realogy agrees to review such matter in good faith and to provide its consent or denial without undue delay or condition. This provision applies generally to matters set out in the Regional MFA, including the right of first refusal described below.

#### Right of First Refusal

Under the Regional MFA, Realogy also has a right of first refusal whereby if we desire to assign our rights under the agreement, we have to first serve written notice to Realogy. Within 30 days of receipt of such notice (or if Realogy requests additional information, within 30 days after receipt of such additional information), Realogy may either consent to the assignment, deny its consent or at its option, accept the assignment itself and acquire us upon the terms and conditions specified in the notice. In the event of a proposed sale or transfer of any of our stock or the stock of our corporate shareholder, Realogy may condition its approval of the assignment upon its right of first refusal being extended to apply to the proposed sale or transfer of stock when the total amount to be transferred exceeds 49% or when the cumulative total amount to be transferred when added to any previous transfer(s) of stock exceeds 49%. There are similar provisions in the Coldwell Banker MFA.

#### Indemnity and Insurance

Under the Regional MFA, we have provided an indemnity to Realogy and ERA covering any liability, damages and expense in connection with any claim, action, proceeding or litigation that arises out of the operation of our business and/or the operations or activities of our franchisees or sub-franchisees or their franchisees or their respective agents or employees. There is a similar indemnity provision in the Coldwell Banker MFA pursuant to which we have provided an indemnity to Realogy and to Coldwell Banker Real Estate LLC.

Further, we are required to maintain for ourselves, and require our sub-franchisees to maintain, certain insurance coverage with reputable insurance underwriters with coverage and policy limits customarily maintained in the Territories for similar businesses or in the real estate brokerage office franchising industry generally, and to name Realogy as an additional insured, as its interests may appear. There are similar provisions in the Coldwell Banker MFA.

#### ***Sales Consulting Addendum***

Pursuant to a sales consulting addendum to the Regional MFA dated 1 January 2016 (the “**Sales Consulting Addendum**”), our Company granted to Realogy the exclusive right to provide (a) franchise sales consulting assistance to us to sell ERA Master Franchises for all or any portion of specified countries (being Australia, Cambodia, China (including Hong Kong and Macau), Laos, New Zealand, Papua New Guinea, Philippines and Vietnam) and (b) direct protected area franchises in China and Australia. The addendum expires on 31 December 2019, unless mutually extended by the parties.

For its services as exclusive sales consultant under the Sales Consulting Addendum, Realogy is entitled to receive commission payments upon our receipt of development fees collected by us under the sub-franchise agreements and direct franchise agreements entered into by us with our sub-franchisees for the specified countries. No commission was paid to Realogy in 2016 and the commission paid to Realogy for 2017 up to the Latest Practicable Date was US\$135,000.

#### ***Our ERA Sub-Franchisees***

We have licensed the ERA brand and the use of certain ERA Marks to sub-franchisees in Japan, Korea, Taiwan, Thailand, Malaysia, Vietnam and Indonesia, and also to our subsidiary ERA Singapore in Singapore, for an initial term of approximately 25 to 30 years. The initial term of the sub-franchise agreement for Thailand has expired and the term has been extended till 31 December 2017, after which any further renewal will be subject to agreement between us and the sub-franchisee. Our sub-franchisees are the ERA master franchisors for their territory and may in such capacity appoint sub-franchisees and ERA Member Brokers. ERA Singapore, as the ERA master franchisor for Singapore, has appointed ERA Realty as an ERA Member Broker pursuant to the ERA Realty Membership Agreement.

We have entered into a non-binding expression of intent with a third party in respect of such party's proposed acquisition of the ERA master franchise rights for Cambodia from our Company. Our



appointment of such party as our sub-franchisee and the ERA master franchisor for Cambodia is subject to agreement on the terms of the sub-franchise agreement to be entered into, and an announcement may be made at the relevant time as appropriate.

Generally, the sub-franchise agreements which we have entered into with our sub-franchisees provide for automatic renewal of the agreement for the same term, and upon the same or substantially similar terms and conditions, upon expiration of the initial term, subject to the sub-franchisee not being in material default of its obligations under the agreement at the time of renewal and a minimum royalty schedule having been agreed between us and the sub-franchisee upon nine months prior to the start of the new term, unless the sub-franchisee has given notice to us of its intent not to renew. In some cases, our sub-franchise agreements instead provide the sub-franchisee with the option to renew on the same or substantially the same terms and conditions, provided that stipulated conditions are met, such as the sub-franchisee giving timely notice of renewal to us.

Our sub-franchise agreements may generally be terminated by either party (i.e. our Company or the sub-franchisee) upon delivery of a notice of termination or upon the other party's failure to cure a material breach by the other party of a material provision of the agreement. Generally, upon termination, the sub-franchisee shall, *inter alia*, pay us all amounts due to us within a prescribed period, cause all its Member Brokers to cease all use of the ERA Marks and immediately cease and cause its Member Brokers to cease to use the ERA System. In addition, generally, upon termination of the sub-franchise agreement and certain conditions being met, at our option, the sub-franchisee shall assign to us all rights and obligations in all of the Membership Agreements entered into by the sub-franchisee with Member Brokers.

Our sub-franchise agreements also provide for a non-compete restriction which generally applies for two years after termination of the agreement under certain circumstances, pursuant to which the sub-franchisee, its principal owners and members of their immediate families are restricted from, among other things, having any interest in competing businesses. Our sub-franchise agreements also provide for our sub-franchisee to provide an indemnity to us, similar to the indemnity which ERA Singapore as sub-franchisee has provided under the Singapore MFA as described in “– *Singapore MFA – Indemnity*” below. One of our sub-franchise agreements also provides for us to reimburse the sub-franchisee for all claims and liability arising out of our negligence or wrongful conduct in any manner not in accordance with the agreement, to the extent such claims and liabilities do not arise from the negligence or wrongful conduct of the sub-franchisee.

Our sub-franchisees pay us royalty fees based on a percentage (ranging from 4.0% to 10.0%) of their gross revenue (after agreed deductions, where applicable), subject to a yearly minimum ranging from US\$25,000 to US\$180,000. Under the Regional MFA, we pay a continuing service fee to Realogy, calculated as a portion of the royalty income we receive from our sub-franchisees to Realogy, subject to an agreed minimum amount. The continuing service fee paid to Realogy amounted to US\$159,700, US\$184,900 and US\$156,000 in 2014, 2015 and 2016, respectively.

Generally, pursuant to our sub-franchise agreements, our sub-franchisees are to deliver to us a report of their gross revenues and their ERA Member Broker Offices opened and closed during the relevant period, as well as a copy of their balance sheet and income statement prepared in accordance with generally accepted accounting principles applied by certified public accountants in the relevant jurisdiction. Upon our request, our sub-franchisees are also to provide us with such other data, reports, information and supporting records as we may from time to time prescribe. Our sub-franchisees are also to maintain and to furnish to us upon request, copies of all income, sales and other tax returns filed by them and/or their Member Brokers reflecting activities of their ERA Member Broker Offices and copies of all reports and financial statements received by our sub-franchisees from their Member Brokers. This assists us in monitoring the calculation of the royalty fees payable by our sub-franchisees to us.

### **Singapore MFA**

The Assigned Master Franchise Agreement for Singapore dated 20 July 1990 (as further assigned and amended, the “**Singapore MFA**”) was entered into by ERA Singapore with Electronic Realty Associates, Inc. (a predecessor-in-interest of Realogy) pursuant to which ERA Singapore was appointed as the ERA master franchisor for Singapore. Pursuant to the Regional MFA, the Singapore MFA was assigned to Hersing and subsequently by Hersing to our Company and consequently, the

Singapore MFA is presently an intra-group agreement between our Company as ERA regional master franchisor for the Territories and our wholly-owned subsidiary ERA Singapore as our Company's sub-franchisee in Singapore and the ERA master franchisor for Singapore.

Pursuant to the Singapore MFA, ERA Singapore was granted the exclusive right to grant memberships to parties to operate ERA Member Broker Offices in Singapore pursuant to a Membership Agreement. Other than as granted by ERA Singapore as aforesaid, no other entity is permitted to operate under the ERA System in Singapore. Our wholly-owned subsidiary ERA Realty has been appointed as an ERA Member Broker in Singapore pursuant to the ERA Realty Membership Agreement.

Under the Singapore MFA, the franchisor (which is presently our Company) will provide continuing services including training programmes, orientation seminars, conferences, programmes and results from research, development and testing programmes for ERA Singapore. Our Company also retains the right to operate, and to grant to others the right to operate within Singapore, businesses offering real estate and financial products and services not involving brokerage services in respect of the sale and purchase of real property and ancillary services thereto. ERA Singapore is to deal exclusively with our Company and must not directly or indirectly compete with its business by having an interest in a competitive business or performing services in a competitive business and must not engage in any other activities than those authorised under the Singapore MFA.

#### Term and Termination

The Singapore MFA commenced on 20 July 1990 and will expire on 30 June 2020, with an option to renew for additional successive 30-year periods if ERA Singapore has performed its material obligations under the Singapore MFA. The Singapore MFA will automatically renew itself unless written notice is given not to renew at least 12 months prior to the expiration of the relevant term.

The Singapore MFA may be terminated by either party (i.e. our Company as franchisor or ERA Singapore) if, among other things, the other party (a) defaults in the performance of the material provisions of the Singapore MFA and such default is not duly rectified within the stipulated cure period, (b) fails to comply with the material provisions of the Singapore MFA on three or more occasions in a 24-month period, or (c) engages in conduct which could affect the goodwill associated with the ERA Marks.

For so long as the Singapore MFA is an intra-group agreement between our Company and our wholly-owned subsidiary ERA Singapore, we do not foresee that the agreement will be prematurely terminated.

Upon termination of the Singapore MFA, ERA Singapore will pay the franchisor any outstanding sums due, and will cause its Member Brokers to deidentify themselves, unless the assignment option described below is exercised by the franchisor. Deidentification includes ceasing the use of the ERA Marks or any marks similar thereto and ceasing to use any material part of the ERA System.

The Singapore MFA provides that in the event that ERA Singapore terminates the Singapore MFA without cause or without compliance with the prescribed termination provisions or if the franchisor terminates the Singapore MFA in compliance with the prescribed termination provisions, at the option of the franchisor, ERA Singapore shall assign to the franchisor or its nominee all of ERA Singapore's rights and obligations in all or some (as the franchisor may elect) of the ERA Membership Agreements which ERA Singapore has entered into.

#### Non-Compete Restriction

The Singapore MFA has a non-compete restriction which applies for two years after termination of the agreement if (a) the agreement is terminated by the franchisor (which is presently our Company) for cause, (b) the agreement is terminated by ERA Singapore without cause, or (c) the agreement is terminated by ERA Singapore for cause but without compliance with the prescribed termination provisions.

The non-compete restriction applies to ERA Singapore and our Company (as principal owner of ERA Singapore) and restricts our Company and ERA Singapore from having any interest as an owner, partner, director, officer, consultant, representative or agent, or in any other capacity, in (a) any business that offers brokerage services and/or ancillary services or that grants franchises or licences



for the development and operation of any business offering brokerage services and/or ancillary services in Singapore where it would compete with any ERA Member Broker in Singapore or (b) any entity which is granting franchises or licences or establishing joint ventures for the operation of such businesses referred to in sub-paragraph (a) in Singapore.

The Singapore MFA provides that the non-compete restriction shall not prohibit ERA Singapore or our Company from having a direct or indirect ownership interest in any ERA Member Broker Office or any Membership Agreement for the development or operation of any ERA Member Broker Office, or any entity owning, controlling or operating an ERA Member Broker Office, or from providing services to any such ERA Member Broker Office.

#### Indemnity

The Singapore MFA provides that ERA Singapore shall defend and hold the franchisor (which is presently our Company), its affiliates and their respective shareholders, directors, officers, employees, agents and assignees harmless against and to reimburse them for all claims, losses, obligations and damages described in the indemnity provision, any and all claims and liabilities directly or indirectly arising out of the Singapore MFA, the operation of any ERA Member Broker Office pursuant to the Singapore MFA, the use of the ERA Marks, the transfer of any interest in the Singapore MFA or any ERA Member Broker Offices, all sales value added, use, service, occupation, excise, gross receipts, income property or other taxes, whether levied upon ERA Singapore, and ERA Member Broker Office or ERA Singapore's property or upon the franchisor in connection with the sales made or business conducted by ERA Singapore (except any taxes the franchisor is required by law to collect from ERA Singapore with respect to goods and services purchased from the franchisor) or any ERA Member Broker in any manner not in accordance with the Singapore MFA, to the extent that such claims, obligations, damages, losses or liabilities do not arise from the negligence or wrongful conduct of the franchisor.

#### ***ERA Realty Membership Agreement***

ERA Realty has been appointed as an ERA Member Broker pursuant to a Membership Agreement (the “**ERA Realty Membership Agreement**”). The current ERA Realty Membership Agreement was entered into on 1 January 2017 between our wholly-owned subsidiaries ERA Realty and ERA Singapore (as ERA master franchisor for Singapore).

Under the ERA Realty Membership Agreement, ERA Realty has been granted the right to use ERA's servicemarks, trademarks, designs, logos, colours, colour patterns and business methods and to hold itself out to be a participant in the ERA System.

ERA Singapore is obliged, among other things, to transmit promptly ERA Realty's referral listings to other appropriate ERA Member Brokers, to maintain a qualified staff to consult with ERA Realty on advertising, marketing, legal and technical matters. ERA Realty is also required to pay to ERA Singapore, during the term of the ERA Realty Membership Agreement, a principal office monthly membership fee based on the real estate brokerage business and other related transactions carried on at the principal office.

#### Term and Termination

The current term of the ERA Realty Membership Agreement expires on 31 December 2017. The ERA Realty Membership Agreement may be renewed by ERA Realty for successive one year periods, provided that there is no default by ERA Realty under the agreement at that time, unless and until either party gives to the other party at least 60 days' written notice of its intention not to renew prior to the expiry of the term of the initial or previously renewed ERA Realty Membership Agreement.

The ERA Realty Membership Agreement may be terminated by ERA Singapore if among other things, ERA Realty commits any material breach of its obligations under the agreement, and such breach is not rectified after ERA Singapore has given notice of termination to ERA Realty. ERA Singapore may also terminate the ERA Realty Membership Agreement without notice if, among other things, ERA Realty is insolvent, makes a general assignment for the benefit of its creditors, abandons its office or impairs the value or goodwill associated with ERA's marks, designs, commercial symbols or the ERA System.

Upon termination of the ERA Realty Membership Agreement, ERA Realty shall immediately discontinue all use of the trademarks, servicemarks, designs, logos, colours, colour patterns and business methods licensed to it by the ERA Realty Membership Agreement in any and all of its materials and advertising.

For so long as the ERA Realty Membership Agreement is an intra-group agreement between our wholly-owned subsidiaries ERA Singapore and ERA Realty, we do not foresee that the agreement will be prematurely terminated.

#### Non-Compete Restriction

During the term of the ERA Realty Membership Agreement, neither ERA Realty nor its principals or officers shall, directly or indirectly, through ownership or otherwise, engage in any real estate brokerage business or related business including the rendering of real estate consultancy services, within Singapore or any other country in which ERA Realty is carrying out real estate brokerage business, in competition with ERA Singapore or any ERA Member Broker, without the prior written consent of ERA Singapore, unless said business is being conducted under an ERA Membership Agreement.

ERA Realty has also agreed that neither it nor its employees or associates shall organise, manage, operate, hold any ownership interest in or receive compensation from any firm, company or other business entity which provides or seeks to provide equipment, supplies, services or other operating materials to other ERA Member Brokers, without the prior written consent of ERA Singapore.

#### Indemnity

ERA Realty has agreed to indemnify Realogy and ERA Singapore in any legal action, claim or other adversary proceeding wherein the liability of Realogy or ERA Singapore is alleged or Realogy or ERA Singapore is named as a defendant or co-defendant as a result of activities by ERA Realty which are not in accordance with the ERA Realty Membership Agreement, with ERA policy as published in the ERA Operations Manual or the ERA Communications Manual or with any law, rule, regulation or custom governing real estate brokerage operations.

#### **Coldwell Banker MFA**

We hold the master franchise rights for Singapore for Coldwell Banker pursuant to the Coldwell Banker MFA. As at 31 March 2017, through our wholly-owned subsidiary Coldwell Banker Singapore, we have 21 Coldwell Banker Member Brokers in Singapore which collectively have over 100 agents registered with them.

Please also refer to “– Regional MFA – Non-Compete Restrictions”, “– Regional MFA – Consent of Realogy and MFA Consent Undertakings”, “– Regional MFA – Indemnity and Insurance” and “Risk Factors – Risks Relating to our Business and Operations – The ERA brand is very important to our business and success, and we are subject to certain restrictive provisions under our franchise agreements” for further details of the Coldwell Banker MFA.

#### **Training, Valuation and Other Ancillary Services**

RIA was established in 1979, with the objective of meeting the increased demand for real estate related information in Singapore by improving channels of communications among real estate agencies, financial institutions and developers, as well as developing new products and services for the real estate brokerage industry.

RIA comprises three departments: Valuation Department, Property Management Department and Training Department.

#### **Valuation Department**

In 1989, RIA commenced the provision of valuation services to customers who require valuation reports or competitive market analysis reports. The Valuation Department provides customers such as government agencies, financial institutions, companies and individuals with professional valuation services for various purposes, including the sale of properties, mortgages, insurance and company listings.

As at 31 March 2017, RIA employed four licensed valuers to provide such services. In addition, RIA provides consultancy services on property tax matters. In May 1993, RIA was appointed as an approved valuer by HDB to provide valuation consultancy services in respect of HDB resale residential properties for the purpose of determining the quantum of mortgage loans to be offered by HDB to purchasers of the resale units.

### ***Property Management Department***

Condominium developments in Singapore managed by the Property Management Department include Park Natura, 7 Nassim, The Paterson, The Aston and Villas La Vue. The duties and responsibilities undertaken by RIA in the course of managing a development include maintenance, administration and general upkeep. RIA works closely with the management committee of an estate to provide property maintenance as well as collection of maintenance and sinking funds on behalf of the management committee. It also provides property management services for individual property owners. The fees earned by the RIA property management team are typically contract-based, recurring fees.

RIA is an Accredited Managing Agent as certified by the Singapore Institute of Surveyors and Valuers and the Association of Property and Facility Managers.

### ***Training Department***

The RIA School of Real Estate, a division of RIA, is an Approved Course Provider appointed by the CEA. Its standards are aligned with the objectives of the CEA, to prepare real estate agents to meet the standards of the licensing and registration framework prescribed by the CEA. See “*Regulatory Environment*”.

The RIA School of Real Estate prepares individuals who wish to practise as salespersons in the real estate brokerage industry for the entry level Real Estate Salespersons Examination through a rigorous preparatory program and intensive revision classes.

Since the introduction of the Estate Agents (Estate Agency Work) Regulations 2010, each real estate agency is to appoint a key executive officer (“**KEO**”). Each KEO, practicing director/partner and salesperson will be required to undertake mandatory CPD training. See “*Regulatory Environment*”. This requirement translates into a minimum of six hours of learning activities, which must be completed in each calendar year. The RIA School of Real Estate is one of the few accredited training centres licensed to provide CPD training. In the year 2016, there were more than 15,500 attendees for training conducted by the RIA School of Real Estate and approximately 1,000 of these attendees enrol with the RIA School of Real Estate to attend training for the entry level examination.

## **OUR CUSTOMERS**

We market our services to a broad mix of individual and corporate customers, including real estate developers. Aside from CapitaLand Residential Singapore Pte Ltd, which accounted for 7.0% of our total revenue for FY2014, none of our customers accounted for 5.0% or more of our total revenue for FY2014, FY2015 and FY2016 and for 1Q2017.

Our mandates for marketing launches from developers are on a per project basis and as a result, the revenues we derive from mandates from any particular developer would vary from year to year, and would also depend on the number of new projects which a developer has in a particular year.

## **OUR SUPPLIERS**

As we are a service-oriented organisation, we rely heavily on our human resources, that is, our agents and our management team, for our business. In the context of our business, the term “suppliers” has been interpreted to mean agents and other consultants who have been engaged in the course of our business. We treat all individual agents as independent contractors. Agents are paid commissions depending on their individual performance, which takes into account the number and value of transactions that they close.

None of our “suppliers” or agents accounted for 5.0% or more of the total costs/purchases incurred by our Group and commissions paid to agents for FY2014, FY2015 and FY2016 and for 1Q2017.

## COMPETITION

We operate in a competitive landscape, particularly in the real estate brokerage sector in Singapore.

There were 1,319 agencies and 29,466 real estate agents in Singapore registered with the CEA as at 31 March 2017, with 75% of all the registered real estate agents affiliated with the top 10 largest real estate agencies.<sup>44</sup>

According to Cushman & Wakefield, the industry experienced a decline in both the number of registered agencies and registered agents after the imposition of the TDSR framework in mid-2013 which resulted in a sharp reduction in property transaction volumes.

We have one of the largest numbers of registered estate agents in Singapore with 6,223 registered agents as at 31 March 2017. We have a strong record of retaining and recruiting agents even with the industry decline over the last three years. According to Cushman & Wakefield, while other real estate agencies in Singapore suffered a decline in real estate agents from 2013 to 2015, our agent base grew, thus enabling us to expand our market coverage.

Our key competitors include PropNex Realty, Huttons Asia, Orangetee.com and Edmund Tie & Company Property Network. According to Cushman & Wakefield, our diversified presence across different residential segments results in us being less susceptible to market volatility compared to other market players who are focused on either the primary or the resale market. We have also established ourselves as one of the market leaders in new project marketing.

On 12 June 2017, PropNex Realty announced that it would merge with Dennis Wee Group. Following the merger, the number of agents registered with PropNex Realty and ERA Realty was 6,688 and 6,176 respectively as at 10 July 2017.

In addition, on 28 August 2017, Orangetee.com and Edmund Tie & Company announced the launch of OrangeTee & Tie, which is a joint venture between their respective associate agency divisions. The combined entity is expected to have more than 4,000 agents registered with them.<sup>45</sup>

According to Cushman & Wakefield, increased compliance requirements and competition, as well as poor market sentiment, have contributed to the consolidation of smaller brokerages. On the other hand, bigger agencies benefit from economies of scale and have the ability to generate activities to stimulate sales and support their agencies with value-added services such as technology. The trend of consolidation of smaller brokerages is expected to continue with larger agencies growing their market share at the expense of small to medium-sized agencies.

According to Cushman & Wakefield, the increasing use of technology across the real estate brokerage industry presents both an opportunity and a challenge to the existing business model. There is a possibility of erosion of market share and fee income if current market players do not adapt their approach to delivering services. To date, disruptors have entered the global real estate industry with mixed results. The more prominent disruptions which have taken place in the global real estate industry have been from transaction-based models such as Redfin and Purplebricks. Nonetheless, no mass disruption by any single provider has taken place, perhaps reflecting the fragmented nature of the global real estate industry.

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<sup>44</sup> Information obtained from the CEA public register, found in ([www.cea.gov.sg/public-register](http://www.cea.gov.sg/public-register)), data accessed on 28 April 2017. CEA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>45</sup> Source: Lee Meixian. "Singapore property agencies OrangeTee, Edmund Tie & Co form joint venture" The Business Times, 28 August 2017. Each of Lee Meixian and The Business Times has not provided her or its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to her or it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

To date, the introduction of disruptors to the Singapore real estate sector has been relatively limited as compared with other global markets such as the United States, the United Kingdom and Australia, according to Cushman & Wakefield. In Singapore, the established real estate technology players include Propertyguru, iProperty, SRX and TheEdgeProperty.com, which are listing portals where real estate agents are still required for transactions to take place. Rather than competing with the traditional brokerage business, these real estate technologies serve to extend the reach of agents, providing for greater ease in sourcing and closing deals.

Nonetheless, according to Cushman & Wakefield, there have been various technology-enabled and self-sale products available although their scale and use are still limited. For example, the emergence of various do-it-yourself real estate platforms, such as DirectHome, Snappyhouse, OhMyHome and Yotcha.com, has allowed transactions to be made more easily without a broker and hence, allowed for cost savings. According to Cushman & Wakefield, these firms currently have limited success scaling their platforms and penetrating the real estate market in Singapore, which predominantly transacts via real estate brokers. For instance, 23% of resale flat buyers and sellers engaged in transactions without a broker in the first five months of 2016 as compared to 11% in 2010<sup>46</sup>. In Cushman & Wakefield's view, continued investment in technology by real estate service providers will help to "future-proof" their businesses and gain an edge over their competitors.

## **EMPLOYEES**

As at 31 March 2017, we had 137 full-time employees (of which 135 were based in Singapore and two in Shanghai). Most of the full-time employees are employed by ERA Realty. The majority of these employees perform back office functions for our real estate brokerage business, such as administration, IT, accounts, legal and human resources, including the invoicing of customers, monitoring of receivables and payment of co-broke commissions to external agents.

The Corporate Sales team manages the career merchandise (such as suit jackets, ties and pins) and the eStore, allowing agents to represent the ERA brand with a professional image to clients. They also design and produce marketing materials for teams of agents, which enhances sales presentations and corporate branding. In addition, the team facilitates the usage of facilities across all our offices and actively sources for new corporate and festive gifts, value-adding to agents' customer service.

The Administration team supervises the daily operations across all our offices; over 52,000 square feet of physical office spaces. The team ensures maintenance of our facilities, offering agents a conducive environment to host meetings and complete their brokerage transactions. This team also manages business alliances with vendors and sponsors, securing special discounts and value-added services only available to our agents.

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<sup>46</sup> Source: Janice Heng. "More buying, selling flats the DIY way" The Straits Times, 30 Sep 2016. Each of Janice Heng and The Straits Times has not provided her or its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to her or it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.



The following tables show a breakdown of our permanent employees as at 31 December 2014, 2015 and 2016 and as at 31 March 2017 by function and geographic locations.

Function	Number of Permanent Employees (including contract staff)			
	As at 31 December			As at 31 March
	2014	2015	2016	2017
Administration and Corporate Sales	25	30	31	31
Accounts and Finance	27	27	28	28
Property Management	14	20	18	18
Project Marketing	12	12	13	13
Valuation Department	10	11	11	11
A&P/Training/Others	10	10	11	11
Human Resource	6	8	7	7
Information Technology	5	5	7	7
RIA Training School	4	4	3	4
Business Development/Commercial	7	7	3	3
Compliance and legal	4	4	3	3
Auction Department	–	–	–	1
<b>Total</b>	<b>124</b>	<b>138</b>	<b>135</b>	<b>137</b>

Geographical regions	Number of permanent employees (including contract staff)			
	As at 31 December			As at 31 March
	2014	2015	2016	2017
Singapore	121	136	133	135
China	3	2	2	2
<b>Total</b>	<b>124</b>	<b>138</b>	<b>135</b>	<b>137</b>

The only material fluctuation in the number of employees listed in the table above occurred in FY2015 when there was an increase in headcount by 14 employees. This was mainly due to the addition of six new property management staff as RIA took in new properties to manage as well as six new administration employees to better serve our agents.

The number of temporary or part-time staff employed by our Group is insignificant.

None of our employees are unionised.

## AGENCY STRUCTURE

ERA Realty has one of the largest teams of agents in Singapore. The number of agents registered with ERA Realty as at January 2015, 2016 and 2017 were 5,707, 5,947 and 5,885 respectively. As at 31 March 2017, we have 6,223 agents registered with ERA Realty. The increase in the number of agents over the years has enabled our Group to improve its market coverage and to increase its business volume. See “– Our Competitive Strengths – We have one of the largest agent networks in Singapore”.

Agents are not employees of our Group. A new agent is required to enter into an agreement (the “**Salesperson Agreement**”) with ERA Realty prior to undertaking real estate brokerage services. A new agent will be given on-the-job training through a manager whom he or she has chosen or has been assigned.



Under the Salesperson Agreement, each agent agrees, among others, to engage in estate agency work for ERA Realty and to otherwise promote the business of servicing the public in real estate transactions.

The principal terms of each Salesperson Agreement include the following:

- (i) the agent shall at all times be fully conversant and comply with applicable laws, in particular the Estate Agents Act, and regulations made thereunder, the policies, practice circulars and guidelines of the CEA and/or the handbook and notices which may be issued by ERA Realty from time to time. The agent shall also comply with the Ethics Code (as defined herein) and Singapore Code of Advertising Practice with respect to any property listing;
- (ii) ERA Realty shall determine the commission to be charged to customers for any services rendered, and when the agent performs any service whereby a commission is earned, the commission must be paid to ERA Realty and after receipt by ERA Realty of the commission, the commission shall be divided between ERA Realty and the agent in the manner set out in the Salesperson Agreement. In the event the customer defaults on the payment of any commission, ERA Realty shall not be liable for any payment of commission to the agent;
- (iii) ERA Realty shall not be liable to the agent for any expenses incurred by the agent or for any of the agent's acts. In the event any transaction in which an agent is involved results in dispute which has to be resolved by mediation, arbitration or litigation, the agent shall bear all expenses connected therewith and in the event any compensation is payable by ERA Realty for an agent's acts or omissions, the agent shall fully indemnify ERA Realty in respect of all compensation, costs and expenses arising out of the agent's act or omission;
- (iv) the agent is to be covered under professional indemnity insurance provided by ERA Realty and is to pay ERA Realty the requisite premium for the same, but the agent is to indemnify ERA Realty against all costs, charges, damages, liabilities, losses, expenses, actions, suits, proceedings and claims arising out of the agent's acts or omissions which are not covered by such insurance;
- (v) the Salesperson Agreement does not have a fixed term and may be terminated by either party by giving 24 hours' written notice. Upon termination, the agent shall not make any representation that or to the effect that he is or was formerly affiliated with our Group;
- (vi) the agent undertakes that during the term of the Salesperson Agreement and for 12 months from the date of termination of the Salesperson Agreement, the agent shall not directly or indirectly solicit the employment or services of and/or employ or engage the services of any employee or associate of ERA Realty and/or any such person who has left ERA Realty for a period of less than six months; and
- (vii) the agent shall be responsible for reading, understanding and complying with all aspects of the Do Not Call (DNC) regulations and any other aspects of the Personal Data Protection Act 2012, No. 26 of 2012 of Singapore (the "**PDPA**") and any subsidiary legislation and/or practice circulars issued by the relevant authorities, and/or any of ERA Realty's compliance policies and procedures. Should the agent be the subject of a complaint, investigation and/or disciplinary action for any breach of the PDPA, the regulations thereunder and/or the practice circulars and guidelines of the Personal Data Protection Commission ("**PDPC**"), the agent shall fully cooperate with the relevant authorities and ERA Realty. Further, the agent agrees to fully indemnify the ERA Realty for any breach of the PDPA which may result in any claim, damages, compensation, civil suit or fine levied against ERA Realty as a result of the agent's non-compliance with the PDPA.

ERA Realty's team of 6,223 agents as at 31 March 2017 is divided into 184 divisions, each led by a Division Director. Division Directors are senior agents who have met a certain criteria both in terms of the total gross commissions earned as well as recruited at least 30 agents for ERA Realty. Each Division Director leads a team of agents with an average team size of approximately 20 agents in each team. Division Directors are incentivised to recruit and nurture junior agents as they receive a management fee whenever the agents in their team receive a commission from a property sale or rental. The number of Division Directors within ERA Realty has grown consistently with new additions far outnumbering the number of resignations.

Due to the large number of agents that we engage, ERA Realty is not reliant on specific individuals. Whilst recognising that the agency's top agents and Division Directors are important revenue generators for the business, ERA Realty has historically enjoyed a diversified stream of income from all our agents, with the percentage of total commissions derived from its top 300 agents falling from 45% in 2008 to less than 30% in 2016.

We are focused on ensuring that we continue to attract, retain and train the best agents in the industry, by providing our agents with training programmes, IT tools, administrative and finance support and conducive work environments to equip them with the necessary platform to perform well. In addition, we regularly organise corporate and charity events to foster camaraderie and instil loyalty amongst our agents.

Our agents in Singapore are registered with the CEA, a statutory board under the supervision of the Ministry of National Development of Singapore that was established under the Estate Agents Act. See "Regulatory Environment" for more information. Some of our agents are members of the Singapore Estate Agents Association and the Institute of Estate Agents, Singapore.

### Commission Structure

Our agents receive commission fees from the sale or rental of properties. The commissions earned by our agents from sellers, developers and landlords are paid directly to ERA Realty following which the agent's share of commission is then deducted and paid out to the agent. The split of commission between ERA Realty and our agents varies according to the type of transaction and the seniority of the agent, as described below.

*Table 1: applies in respect of internal and external co-broking sale/purchase transactions closed by the agent in respect of properties that are not HDB resale flats (i.e. in respect of properties such as private properties, Housing and Urban Development Company flats, HDB shophouses and commercial and industrial properties).*

Type of Agent	If the Gross Broker Commission ("GBC") paid by seller (excluding GST) is 1.0% or more of sale price	If GBC paid by seller (excluding GST) is less than 1.0% of sale price
Agent serving seller	Seller's commission less GST less 0.5% of sale price	Half of seller's commission less GST
Agent serving buyer	0.5% of sale price	Half of seller's commission less GST

*Table 2: applies in respect of internal and external co-broking rental/assignment transactions closed by the agent in respect of all types of properties. Internal co-broking refers to where the listing or selling agents are from ERA Realty and external co-broking refers to where the listing or selling agents are not from ERA Realty.*

Type of Agent	GBC paid by landlord/assignor if tenant is not required to pay commission	GBC if tenant is required to pay commission
Agent serving landlord/assignor	Half of landlord/assignor's commission less GST	Landlord/assignor's commission less GST
Agent serving tenant/assignee	Half of landlord/assignor's commission less GST	Tenant/assignee's commission less GST

The split of commissions between ERA Realty and the agent are set out below.

Commission to Agent	Criteria
	<i><b>GBC Cumulative</b></i>
70%	Up to S\$18,000
75%	S\$18,001 to S\$38,000
80%	S\$38,001 to S\$68,000
85%	S\$68,001 to S\$88,000
90%	More than S\$88,001

The split of commissions differs for new home sales where all agents receive 90% of commissions received regardless of the cumulative GBC. The split of commissions reflects the important role played by the agents during project launches by property developers.

## **SALES AND MARKETING**

As at the Latest Practicable Date, we have 13 staff in our sales and marketing team.

ERA Realty establishes a yearly spend with classified advertisements and agents are able to leverage on the contract to advertise for individual listings at lower rates. Discounts are given to agents who list their properties with the ERA logo. In addition, ERA Realty places full page advertisements showcasing the company's top 300 and top 100 agents on all major news publications on an annual and quarterly basis respectively and engages in television commercials on a selective basis.

## **TECHNOLOGY**

The ERA brand was founded in the United States based on the philosophy of using technology to improve the level of customer service and enhance efficiency. In line with this tradition, we have pioneered the use of IT tools to remain competitive. The ERA Realty mobile application, i-ERA, which was developed by us exclusively for our agents, was launched in 2012 and was the first mobile application to be used by a real estate agency in Singapore. The mobile application can be downloaded free of charge by our agents. Our agents can access the latest property listings and islandwide comparative market analysis on the go. With the i-ERA map, our agents can help buyers select properties in their preferred locations and help sellers set the right selling price. The i-ERA property calculators also help agents to provide a hassle-free transaction experience to both buyers and sellers. Our agents can also reduce advertising costs by entering non-exclusive listings into our listings database, where they can be searched by fellow agents who may have prospective buyers.

Another example of our use of technology to promote efficiency and effectiveness in the workplace is the ERA SG Projects mobile application. This mobile application provides details for all our projects including access to floor plans, images and videos, virtual tours, units, real-time prices and availability as well as diagrammatic charts and stacking plans. It is free to download, but access is charged on a per annum basis. This enables independent agents to gain access to all our projects and relay crucial information to prospective buyers efficiently in order to increase the chances of closing deals.

We utilise technology to provide additional support to our agents through the internal agent portal MyERA and the customer relationship management system 24/7 PropWatch. Our agents can utilise the MyERA platform for online tracking of personal and team sales performance and rental renewals, as well as perform a variety of e-services at their convenience. Agents may also access 24/7 PropWatch through the MyERA platform, which helps agents to manage customer relations. This in-house technological system enables agents to update customers about latest property transactions, homes for sale/rent in their neighbourhood and the number of potential buyers/tenants for their property. These help to maintain a top-of-mind awareness and an on-going relationship with prospects.

The ERA Realty website is designed to be a one-stop solution for both our agents and customers with numerous user-friendly features. Users can share up-to-date and meaningful content across different social media platforms effortlessly. To address the growing trend of prospective buyers and sellers

listing their properties online, we have tie-ups with major property search websites such as Propertyguru, SRX, 99.co and TheEdgeProperty.com, to enable our agents to generate co-broking opportunities with agents from other agencies and to view and access the property listings of other agencies.

We also use the ERA network and its links to franchisees in other countries to market and sell overseas properties to Singapore buyers, and conversely to market properties in Singapore to overseas customers. As a result, we are often appointed to participate in marketing overseas projects by both local and regional property developers.

## RESEARCH AND DEVELOPMENT

The nature of our business does not require us to carry out research and development relating to our activities at this point in time.

## NETWORK OF OFFICES

We currently lease all of the properties we use to operate our business, under tenancy agreements that do not generally contain any covenants, easements or exceptions that are not customary for an agreement of this nature. The terms of our lease agreements generally range from two to three years. In the event we are not able to renew any of our leases, we believe that we could relocate our operations to new properties without undue cost or disruption.

The details of our material leases are set out below:

Address	Name of Lessor	Name of Lessee	Existing use/type	Built-up area (sq ft)	Tenure
229 Mountbatten Road #03-01 Singapore 398007	Mezzo Properties Pte Ltd	APAC Realty Limited	Office	34,100	3 years
510 Thomson Road #B2-00 SLF Building Singapore 298135	SLF Properties Private Limited	ERA Realty Network Pte, Ltd.	Office cum training centre	3,444	3 years and 2 months
510 Thomson Road #14-01 and #14-02 SLF Building Singapore 298135	SLF Properties Private Limited	ERA Realty Network Pte, Ltd.	Office cum training centre	7,230	3 years
18 Ah Hood Road #08-51 Hiap Hoe Building Zhongshan Park Singapore 329983	HH Properties Pte Ltd	ERA Realty Network Pte, Ltd.	Office	5,403	2 years, 2 months and 3 days
490 Lorong 6 Toa Payoh #03-13 HDB Hub Singapore 310490	Housing and Development Board	Realty International Associates Pte Ltd	Office cum training centre	1,573	3 years
490 Lorong 6 Toa Payoh #03-14 HDB Hub Singapore 310490	Housing and Development Board	APAC Realty Limited	Office cum training centre	1,573	3 years
490 Lorong 6 Toa Payoh #03-17 HDB Hub Singapore 310490	Asia Law Corporation	ERA Realty Network Pte. Ltd.	Office	743	3 years

## INTELLECTUAL PROPERTY

We do not own any trademark or intellectual property rights. Please refer to “– Our Services – Franchise Arrangements” for details of the franchise rights which we have been granted.

## OUR AWARDS

The following sets out selected awards and accolades won by our Group:

Awards and Accolades	Year
#1 Largest Real Estate Agency, SBR Business Ranking Awards	2014 to 2016
Top Grandeur Award, Asia Enterprise Brand Award	2016
Asia Responsible Corporate Awards, Apex Leadership Award, Built Environment Industry	2015/16
Top 1 Influential Brand for Property Agencies in Singapore by Brand Alliance	2014
15 industry awards for Team Managers and Salespersons, Inaugural International Real Estate Congress	2010
Superbrand in Singapore	2005, 2008, 2009
Reader's Digest Trusted Brands (Real Estate & Property Agent Category)	2009
Franchise Excellence Award (Master Franchise)	2000
Community Chest Special Events Award	1998
National IT Award (Private Sector)	1996
SISIR ISO 9002 Award	1994

## CORPORATE SOCIAL RESPONSIBILITY

We have a long tradition of participating in community events as well as supporting numerous charitable causes. We have supported the Singapore Association for the Deaf by raising S\$80,000 each in 2009 and 2015 through a charity walk. ERA Realty has also been awarded the “I Love You Ruby Award” by the Singapore Association for the Deaf, and has been named as one of its ambassadors since 2010.

We are also a contributor to the Community Chest, and were recently awarded its ninth SHARE Corporate Platinum Award and Five Years Outstanding SHARE Award at the Community Chest Awards in 2016.

We also raised over S\$78,000 for the Canossaville Children and Community Services home in 2014 at the quarterly ERA Manager's Day. Our staff also visited the home during the Chinese New Year period in 2015, 2016 and 2017 to celebrate the festive season with the youth at the home.

Our employees have also been actively engaging in the Save Our Street Dogs adoption and rescue programs since 2016.

## LEGAL PROCEEDINGS

We are not, and have not been, involved in any legal or arbitration proceedings and no proceedings are currently pending or known to be contemplated which may have or have had in the 12 months immediately preceding the date of lodgement of this Prospectus with the MAS, a material effect on our financial position or profitability.

## REGULATORY ENVIRONMENT

### ESTATE AGENTS ACT

Real estate agencies (referred to in the Estate Agents Act, Chapter 95A of Singapore (the “**Estate Agents Act**”) as “estate agents”) and agents (referred to in the Estate Agents Act as “salespersons”) are regulated by the Estate Agents Act and the relevant subsidiary legislation, including the Estate Agents (Licensing and Registration) Regulations 2010, the Estate Agents (Fees) Regulations 2010 and the Estate Agents (Estate Agency Work) Regulations 2010.

The Estate Agents Act is administered by the CEA, a statutory board under the supervision of the Ministry of National Development of Singapore that was established in October 2010 under the Estate Agents Act. Under the Estate Agents Act, the functions and duties of the CEA include administering the licensing and registration regimes under the Estate Agents Act, regulating and controlling the practice of estate agents and salespersons, administering examinations and a professional development framework for purposes of licensing and registration under the Estate Agents Act and conducting investigations and disciplinary proceedings in relation to offences and unsatisfactory conduct or misconduct in relation to estate agency work.

Under the Estate Agents Act, estate agents are required to be licensed and salespersons are required to be registered with the CEA. Our subsidiary, ERA Realty, holds an estate agent’s licence issued by the CEA and all of our agents are registered with the CEA, and are subject to the Estate Agents Act and the relevant subsidiary legislation and any directions or guidelines as may be given or issued from time to time by the CEA.

An estate agent’s licence may be issued to an individual or an entity subject to fulfilment of the conditions prescribed in the Estate Agents Act, including the CEA considering the individual or entity to be a fit and proper person to hold an estate agent’s licence. An individual or entity is not considered fit and proper if (a) he or it has been convicted of an offence involving dishonesty or fraud, (b) he or it has had a judgment entered against him or it in civil proceedings that involve a finding of fraud, dishonesty or breach of fiduciary duties, (c) he or it has been convicted of any offence under the Estate Agents Act, (d) in the case of an entity, any of its directors or partners or any other person responsible for the management of the entity is not a fit and proper person, (e) in the case of an entity, it is in liquidation or is the subject of a winding-up order, or there is a receiver appointed in relation to it, or it has entered into a composition or scheme of arrangement with its creditors, or (f) in the case of an individual, he is an undischarged bankrupt or has made a composition or arrangement with his creditors.

An estate agent’s licence is not transferable and is for a period not exceeding three years, as the CEA may decide.

An entity holding an estate agent’s licence is required to appoint a KEO and to ensure that the KEO is responsible for the proper administration and overall management of the business of the entity and the supervision of its salespersons. The KEO (as well as each director or partner of the entity) is required to be a fit and proper person and is also required to possess the qualifications and satisfy the requirements prescribed under the Estate Agents (Licensing and Registration) Regulations 2010, as described below. The KEO must also not be a salesperson or KEO of any other licensed estate agent and is not permitted to hold a licence as any other estate agent and has to be contactable by the CEA and salespersons of the estate agent at all reasonable times. Any vacancy in the post of the KEO has to be notified to the CEA within the prescribed timing.

An individual may not be registered as a salesperson unless he has attained the age of 21, has the educational qualifications or experience prescribed under the Estate Agents (Licensing and Registration) Regulations 2010 (as described below) and complies with such other prescribed requirements, including applicable continuing education requirements. The CEA must also consider him to be a fit and proper person to be registered as a salesperson. Registration as a salesperson is not transferable and the duration of such registration is for a period not exceeding three years, as the CEA may decide.

A salesperson may not be registered to act as a salesperson for more than one estate agent at any one time and shall not at any one time act as a salesperson for more than one estate agent. An estate



agent may not appoint, associate with or employ as a salesperson any person who for the time being is not a registered salesperson, and is required to enter into an agreement in writing with the salesperson authorising him to carry out estate agency work for the estate agent.

The CEA may suspend or revoke an estate agent's licence or registration as a salesperson if, among other things, there is a contravention or failure to comply with any of the provisions of the Estate Agents Act or any regulations thereunder or of any term or condition of the licence or registration. The CEA maintains a register containing every licence granted to estate agents and every salesperson registered under the Estate Agents Act.

The CEA also has investigative and disciplinary powers and may appoint any of its officers or employees to be an inspector for purposes of the Estate Agents Act. An inspector may, from time to time, enter and inspect the premises under the possession or control of any estate agent to ascertain whether the Estate Agents Act has been or is being complied with, and may also require any salesperson to appear before an inspector or any officer of the CEA.

### **ESTATE AGENTS (LICENSING AND REGISTRATION) REGULATIONS 2010 AND ESTATE AGENTS (FEES) REGULATIONS 2010**

The Estate Agents (Licensing and Registration) Regulations 2010 prescribes further requirements that an estate agent and a salesperson have to fulfil before the CEA grants or renews a licence.

In the case of estate agents, the CEA has to be satisfied that the estate agent has in place systems and processes to ensure proper management of the business and its salespersons, the estate agent does not hold a licence as any other estate agent and every sole proprietor, partner or director of the estate agent who will be performing estate agency work has attained the age of 21 years, is not registered as a salesperson with another estate agent, does not hold a licence as any other estate agent, has a minimum of four GCE "O" level passes (or obtained an equivalent or higher qualification as determined by the CEA) and has, in the two years immediately before the application for a licence, passed the Real Estate Agency examination (or obtained an equivalent or higher qualification as determined by the CEA).

In order for the licence of an estate agent to be renewed, the sole proprietor of the estate agent or every director or partner of the estate agent performing estate agency work and the KEO must have satisfied CPD requirements applicable to them in each year of the period of the licence whose renewal is sought. Pursuant to the Estate Agents (Estate Agency Work) Regulations 2010 (as further described below), the CEA maintains a list of activities, courses and programmes that are relevant to estate agency and assigns a corresponding CPD credit upon successful completion. CEA may categorise items in the list and designate specific items for various classes or descriptions of persons. The CEA must also be satisfied that the applicable professional indemnity insurance requirements are or will be satisfied before it will grant or renew an estate agent's licence.

The Estate Agents (Licensing and Registration) Regulations 2010 also prescribes the qualifications and requirements for a KEO, namely that he must (a) be the sole proprietor, a director or a partner of the estate agent, (b) satisfy the requirements applicable to a sole proprietor, partner or director described above, (c) have at least three years of experience in estate agency work and (d) must have completed at least 30 property transactions in the three years immediately before his appointment or have at least three years of experience in managing the business of a house agent or an estate agent as an executive director, a chief executive, KEO, partner or sole proprietor.

In the case of salespersons, no individual can be registered as a salesperson unless he has a minimum of four GCE "O" level passes (or obtained an equivalent or higher qualification as determined by the CEA) and he has in the two years immediately before the application for registration, passed the Real Estate Agency examination or the Real Estate Salesperson examination (or obtained an equivalent or higher qualification as determined by the CEA), subject to certain prescribed exceptions. In order to renew his registration, the salesperson must also satisfy prescribed CPD requirements in each year of the period of registration whose renewal is sought.

The fees payable to the CEA for application for an estate agent's licence or registration as salesperson or renewal thereof are prescribed by the Estate Agents (Fees) Regulations 2010.

## ESTATE AGENTS (ESTATE AGENCY WORK) REGULATIONS 2010

### Ethics Code

Estate Agents (Estate Agency Work) Regulations 2010 sets out the Code of Ethics and Professional Client Care (the “**Ethics Code**”) which every licensed estate agent and registered salesperson is required to observe and comply with. A breach of the Ethics Code may result in the estate agent or salesperson being subject to disciplinary action under the Estate Agents Act and/or the imposition of sanctions including financial penalties, demerit points and the suspension or revocation of licence or registration.

The Ethics Code requires, among other things, that estate agents and salespersons are to perform their work in accordance with applicable laws and are not to perform estate agency work unless they have the relevant knowledge. They are required to be fully conversant and comply with the Estate Agents Act and the regulations made under the act (including the Ethics Code) and the policies, practice circulars and guidelines of the CEA. They are also to be fully conversant and comply with relevant laws, regulations and rules that apply to property transactions and are to keep themselves informed of essential or relevant facts and developments in the property market and matters that could affect any aspect of property transactions. They must also be familiar with the procedures for property transactions and the contents of the forms used.

Under the Ethics Code, estate agents and salespersons are also required to conduct their business and work with due diligence, despatch and care and in compliance with all laws, practice circulars and guidelines. They are to render professional and conscientious service to clients and act with honesty, fidelity and integrity, which entails acting in accordance to the instructions of the client and protecting and promoting the interests of the client, unaffected by the interests of the estate agent, salesperson or any other person. They must not mislead the client or provide any false information or misrepresent any relevant law or fact to the client, must keep the client informed of any material or relevant development or issue in respect of the property of the client, must not withhold any relevant fact or information from the client and must not act against the interests of the client in any manner. Further, in the conduct of estate agency work on behalf of the client, the estate agent or salesperson must act ethically, honestly, fairly and in a reasonable manner towards all other persons.

Estate agents and salespersons are further required by the Ethics Code not to bring discredit or disrepute to the real estate brokerage industry, which entails, among other things, that any opinion they render must be justifiable by reference to verifiable facts and shall be given with strict professional integrity, objectivity and courtesy. They must not solicit for the payment of any reward, commission or fee from any person who did not engage their services. They also have a duty to avoid conflicts of interest, to recommend professional advice when appropriate and to safeguard confidential information relating to a client.

Publicity and advertisement activities by salespersons and estate agents are also regulated by the Ethics Code. Estate agents and salespersons have to ensure that any publicity complies with certain requirements, including that the information or claims contained in the advertisements and promotional materials must be capable of being substantiated, not inaccurate, false or misleading, and the prior agreement of the client must be obtained before advertising any property of the client for any purpose. Further, there must not be advertisements of any property at a price or on other terms, or in any manner, different from those instructed by the client.

### Practice Code

The Estate Agents (Estate Agency Work) Regulations 2010 also sets out the Code of Practice for Estate Agents (the “**Practice Code**”) which every licensed estate agent is required to observe and comply with. Failure to observe the Practice Code may constitute unsatisfactory professional conduct or professional misconduct, and a breach of the Practice Code may result in the estate agent being subject to disciplinary action under the Estate Agents Act and/or the imposition of sanctions including financial penalties, demerit points and the suspension or revocation of licence.

The Practice Code requires estate agents to have in place and document in writing proper systems and processes to ensure that their salespersons acquire and have the estate agency work knowledge referred to in the Ethics Code and for the management and supervision of their business and salespersons. Estate agents are also required to manage and supervise their salespersons to ensure that their salespersons comply with the Ethics Code, conduct their estate agency work in a

professional and reasonable manner and in accordance with the law and avoid repeating the conduct of any salesperson or other person employed or engaged by the estate agent which resulted in a breach of the law or disciplinary action.

Estate agents are also required to have in place a system with suitable processes for the receipt and investigation of claims and complaints against the estate agent or any of their salespersons, to vet all publicity and advertising materials of their salespersons prior to publication and are subject to requirements regarding retention of documents and records.

### **Regulation of Estate Agency Work**

The Estate Agents (Estate Agency Work) Regulations 2010 prescribes certain regulations regarding the conduct of estate agency work, such as that of no dual representation, meaning that no salesperson or estate agent (being an individual) shall, in respect of the same property, have as clients both vendor and purchaser or both landlord and tenant, even if the consent of the parties of the transaction is obtained.

Estate agents and salespersons further must not refer any client to any moneylender or receive any commission or any benefit from any moneylender and must not hold or handle any money on behalf of any party in relation to the sale or purchase of any property situated in Singapore or the lease of HDB property.

The Estate Agents (Estate Agency Work) Regulations 2010 also prescribes the form of agreements for the sale, purchase or lease of residential property in Singapore and requires that every estate agent shall take out and maintain in force at all times during the period in which it carries out estate agency work such insurance in respect of civil liability for negligence in the performance of estate agency work of a prescribed minimum amount. Estate agency work may not be undertaken without the specified insurance coverage. CPD requirements applicable to individuals who undertake estate agency work are also prescribed by the Estate Agents (Estate Agency Work) Regulations 2010, which also require every estate agent to ensure that its KEO participates in the prescribed activities, courses and programmes.

## **PERSONAL DATA PROTECTION ACT 2012**

### **Data Protection Obligations**

The PDPA establishes the Singapore regime for the protection of personal data (i.e. data, whether true or not, about an individual who can be identified from that data or other information accessible to the relevant organisation) and seeks to ensure that organisations comply with a baseline standard of protection for personal data of individuals.

The nine data protection obligations are summarised as follows:

- (a) **Purpose limitation obligation** – personal data must be collected, used or disclosed only for purposes that a reasonable person would consider appropriate in the circumstances, and if applicable, have been notified to the individual concerned;
- (b) **Notification obligation** – individuals must be notified of the purposes for the collection, use or disclosure of their personal data, prior to such collection, use or disclosure;
- (c) **Consent obligation** – the consent of individuals must be obtained for any collection, use or disclosure of their personal data, unless exceptions apply. Additionally, an organisation must allow the withdrawal of consent which has been given or is deemed to have been given;
- (d) **Access and correction obligations** – when requested by an individual and unless exceptions apply, an organisation must: (i) provide that individual with access to his personal data in the possession or under the control of the organisation and information about the ways in which his personal data may have been used or disclosed during the past year, and/or (ii) correct an error or omission in his personal data that is in the possession or under the control of the organisation;
- (e) **Accuracy obligation** – an organisation must make reasonable efforts to ensure that personal data collected by or on its behalf is accurate and complete if such data is likely to be used to make a decision affecting the individual or if such data will be disclosed to another organisation;

- (f) **Protection obligation** – an organisation must implement reasonable security arrangements for the protection of personal data in its possession or under its control;
- (g) **Retention limitation obligation** – an organisation must not keep personal data for longer than it is necessary to fulfil: (i) the purposes for which it was collected, or (ii) a legal or business purpose;
- (h) **Transfer limitation obligation** – personal data must not be transferred out of Singapore except in accordance with the requirements prescribed under the PDPA; and
- (i) **Openness obligation** – an organisation must implement the necessary policies and procedures in order to meet the obligations under the PDPA and shall make information about its policies and procedures publicly available.

Non-compliance may lead to financial penalties, civil liability or criminal liability. The Singapore regulator, the PDPC, also has broad powers to order the organisations to comply with the provisions of the PDPA.

### **Do Not Call Obligations**

In addition to the data protection obligations imposed under the PDPA, the PDPA also regulates the use of Singapore telephone numbers for direct marketing through text messages (including WhatsApp), voice calls and faxes (collectively the “**DNC obligations**”). The DNC obligations will only apply to the sending of specified messages (i.e. marketing messages that offer, promote or advertise goods or services). Such specified messages would typically include messages which offer to supply, advertise or promote a property or a supplier of property.

Generally, the DNC obligations require an organisation, before sending or arranging to send any specified messages through text messages (including WhatsApp), voice calls or faxes to a Singapore telephone number, to check that such numbers are not listed on the relevant Do-Not-Call register. A failure to check the relevant register is an offence under the PDPA, except where:

- (a) the user of the telephone number has clearly and unambiguously consented to the sending of the specified message, in written or other form accessible for subsequent reference;
- (b) the organisation is exempted from the obligation to check the relevant register where:
  - (i) the specified message is to be sent via text message or fax (and not voice call);
  - (ii) the organisation is in an “ongoing relationship” with the recipient (i.e. a relationship, which is on an ongoing basis, between the organisation and the recipient, which arises from the carrying on or conduct of a business or activity (commercial or otherwise) by such organisation);
  - (iii) the purpose of the specified message is related to the subject of the ongoing relationship; and
  - (iv) the intended recipient has not withdrawn consent to be sent any specified messages, opted out from receiving any specified messages or otherwise indicated that he/she does not consent to that organisation sending any specified messages to that Singapore telephone number; or
- (c) the relevant specified message is excluded under the Eighth Schedule of the PDPA. For example, a message the sole purpose of which is to conduct market research will be excluded.

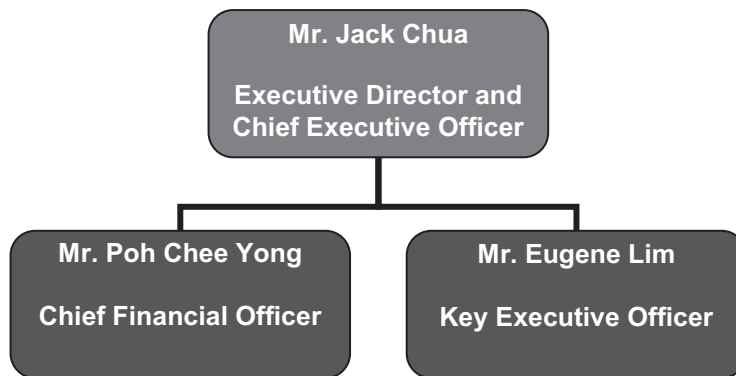
### **Advisory Guidelines for the Real Estate Agency Sector**

The PDPC has also published a set of advisory guidelines, developed in consultation with the CEA, which is intended to facilitate compliance of real estate agents with the obligations under the PDPA. Although these guidelines are not legally binding, they are nevertheless helpful on the basis that the guidance and examples therein have been tailored for the real estate agency sector and will thus be indicative of the manner in which the PDPC will interpret certain provisions of the PDPA specifically in the context of the unique circumstances and issues faced by the real estate agency sector.

Our Company has obtained all requisite approvals and is in compliance with laws and regulations that would materially affect our business operations.

## MANAGEMENT

The following chart shows our management reporting structure at the Latest Practicable Date.



## DIRECTORS

The following table sets forth information regarding our Directors:

Name	Age	Address	Position	Date of Appointment as Director
Mr. Stewart Yen Se-Hua	67	229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007	Non-Executive Chairman and Independent Director	4 September 2017
Mr. Jack Chua	57	229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007	Executive Director and Chief Executive Officer	4 September 2017
Mr. Tan Choon Hong	43	229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007	Non-Executive Director	4 September 2017
Mr. Tommy Teo Zhi Zhuang	34	229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007	Non-Executive Director	4 September 2017
Mr. Tan Bong Lin	61	229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007	Non-Executive Independent Director	4 September 2017
Mr. Hee Theng Fong	63	229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007	Non-Executive Independent Director	4 September 2017

None of the Independent Directors sits on the board of any of the principal subsidiaries of our Company that are based in jurisdictions other than Singapore.



## Experience and Expertise of our Board

Certain information on the business and working experience of our Directors is set out below:

**Mr. Stewart Yen Se-Hua** is our Non-Executive Chairman and a Non-Executive Independent Director.

**Mr. Stewart Yen Se-Hua** is our Non-Executive Chairman and a Non-Executive Independent Director. He is also the Executive Chairman and an Executive Director of SECOM (Singapore) Pte Ltd. Mr. Yen is also a Non-Executive Independent Director of Huatong Global Limited (which is listed on the Catalist Board of the SGX-ST), STT Communications (Shanghai) Co., Ltd and Verint Systems (Singapore) Pte Ltd. Mr. Yen was formerly a General Manager at Unicorn International Pte Ltd from 1988 to 1999, an Assistant General Manager at CDC-Construction & Development Pte Ltd from 1982 to 1988, and a Regional Sales Manager at Duce International Pte Ltd from 1980 to 1982. Mr. Yen holds a Bachelor of Engineering degree from McMaster University, Canada.

**Mr. Jack Chua** is our Executive Director and Chief Executive Officer.

Mr. Jack Chua is our Executive Director and Chief Executive Officer. He joined our Group in 1990 (under the previous holding company of our subsidiaries) and was the President of our Group before being appointed as the Chief Executive Officer in 2013. Prior to joining our Group, he was with the Public Works Department of Singapore from 1984 to 1990, his last held position being head of building management and building development services. Mr. Chua holds a Bachelor of Science (Building) (Hons) and a Master of Science (Project Management) from the National University of Singapore. He also holds a Diploma in Computer Studies from the National Centre for Information Technology and a Certified Diploma in Accounting & Finance from the Chartered Association of Certified Accountants.

**Mr. Tan Choon Hong** is a Non-Executive Director.

Mr. Tan Choon Hong is a Non-Executive Director. Mr. Tan is the Chief Executive Officer of Northstar Advisors Pte. Ltd. Prior to joining Northstar Advisors Pte. Ltd. in 2011, Mr. Tan was a director for special projects at C S Partners Pte. Ltd. from 2007 to 2011 and a vice president at GIC Special Investments Pte Ltd from 2005 to 2007. Earlier, he spent five years doing corporate finance advisory work at Deutsche Bank AG, from 2001 to 2005. He began his career with the Ministry of Trade and Industry as an Assistant Director in 1999. He currently serves on the board of the Thai Credit Retail Bank Public Company Limited and Nera Telecommunications Ltd. Mr. Tan is a Chartered Financial Analyst and holds a Master of Engineering and Bachelor of Arts from Cambridge University.

**Mr. Tommy Teo Zhi Zhuang** is a Non-Executive Director.

Mr. Tommy Teo Zhi Zhuang is a Non-Executive Director. Mr. Teo is an Executive Director of Northstar Advisors Pte. Ltd. Prior to joining Northstar Advisors Pte. Ltd. in 2013, Mr. Teo was an investment banker with Citi Global Investment Banking in Singapore from 2011 to 2012, with Perella Weinberg Partners in New York from 2009 to 2011 and with Bear, Stearns & Co. Inc. in New York from 2007 to 2008. Mr. Teo was also an analyst at hedge fund sponsor Capital Z Asset Management from 2008 to 2009. He currently serves on the board of commissioners at PT Multi Adiprakarsa Manunggal in Indonesia. Mr. Teo graduated with a Bachelor of Business Administration from the Stephen M. Ross School of Business at the University of Michigan.

**Mr. Tan Bong Lin** is a Non-Executive Independent Director.

Mr. Tan Bong Lin is a Non-Executive Independent Director. Mr. Tan was formerly an Independent Director and Chairman of the Audit Committee of Parkway Life REIT (which is listed on the Mainboard of SGX-ST) from 2007 to 2016, and was also with Citigroup Global Markets Singapore from 1990 to 2007, his last held position being Managing Director. He was also a Member of the Finance Committee of the Singapore Broadcasting Authority from 1997 to 2002. Mr. Tan holds a Bachelor of Accountancy from the University of Singapore.

**Mr. Hee Theng Fong** is a Non-Executive Independent Director.

Mr. Hee Theng Fong is a Non-Executive Independent Director. He is also an Independent Director of First Resources Limited, Straco Corporation Limited, YHI International Limited, Tye Soon Limited, China Jinjiang Environment Holding Company Limited and Datapulse Technology Limited (all of which



are listed on the Mainboard of the SGX-ST) and a Consultant at Eversheds Harry Elias LLP. Mr. Hee was formerly a Senior Partner at RHTLaw Taylor Wessing LLP from 2011 to 2014, a Partner at KhattarWong LLP from 2008 to 2011, and a Partner at Hee Theng Fong & Co from 1988 to 2008. Mr. Hee holds a Bachelor of Laws from the University of Singapore and a Diploma in PRC Law from Suzhou University.

Notwithstanding such directorships of Mr. Hee as set out above, our Nominating Committee (other than Mr. Hee) believes that Mr. Hee is able to devote sufficient time to discharge his duties as our Independent Director. In this regard, our Nominating Committee (other than Mr. Hee) has discussed with Mr. Hee on the frequency of the meetings of our Board, as well as the meetings of our Board committees of which Mr. Hee is a member. Mr. Hee is fully aware of the commitment required of him in his role as our Independent Director, including his duties as the Chairman of our Remuneration Committee. Mr. Hee has also confirmed that he is able to devote sufficient time to discharge his duties as our Independent Director. In addition, our Nominating Committee (other than Mr. Hee) values the contribution of Mr. Hee's experience and expertise. For the reasons set out above, our Nominating Committee (other than Mr. Hee) is of the opinion that Mr. Hee will be able to devote sufficient time to discharge his duties as our Independent Director.

### **Listed Company Experience**

Each of Mr. Stewart Yen Se-Hua, Mr. Tan Bong Lin, Mr. Hee Theng Fong, Mr. Jack Chua and Mr. Tan Choon Hong has served as a director of one or more public-listed companies in Singapore. Our Directors have been briefed on the roles and responsibilities of a director of a public-listed company in Singapore.

### **Terms of Office for our Directors**

Our Directors do not have fixed terms of office. Each Director is required to retire from office once every three years and for this purpose, at each annual general meeting, one-third of our Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) is required to retire from office by rotation and will be eligible for re-election at that annual general meeting (the Directors so to retire being those longest in office since their last re-election or appointment).

### **Committees of Our Board**

We have three Board committees: the Audit Committee, the Remuneration Committee and the Nominating Committee.

#### ***Our Audit Committee***

Our Audit Committee comprises Mr. Tan Bong Lin, Mr. Stewart Yen Se-Hua, Mr. Hee Theng Fong and Mr. Tommy Teo Zhi Zhuang. The Chairman of our Audit Committee is Mr. Tan Bong Lin.

Responsibilities of our Audit Committee include, among others:

- assisting our Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, internal controls and financial practices of our Group;
- reviewing and recommending to our Board significant financial reporting issues and judgments to ensure the integrity of the financial statements and any announcements relating to financial performance;
- reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- reviewing the external auditors' audit plan and audit reports, and the external auditors' evaluation of the system of internal accounting controls, with the external auditors, as well as the assistance given by management to the external auditors;
- reviewing and reporting to our Board, at least annually, the adequacy and effectiveness of our risk management and internal control systems, including financial, operational, compliance and information technology controls;
- monitoring and reviewing the implementation of the external auditors' recommendations for internal control weaknesses (if any);

- reviewing and approving all hedging policies and types of hedging instruments to be implemented by us, if any;
- reviewing any interested person transactions as defined in the Listing Manual. See “*Interested Person Transactions and Potential Conflicts of Interest – Review Procedures for Future Interested Person Transactions*”;
- reviewing the scope and results of the internal audit procedures and management’s response and follow-up actions, and, at least annually, the adequacy and effectiveness of our internal audit function;
- approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- making recommendations to our Board on the proposals to Shareholders on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- reviewing any actual or potential conflicts of interest that may involve our Directors as disclosed by them to our Board, exercising directors’ fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interest by a Director, our Audit Committee will consider whether a conflict of interest does in fact exist. A Director who is a member of our Audit Committee will not participate in any proceedings of our Audit Committee in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as our Audit Committee may deem reasonably necessary;
- reviewing and assessing from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with our Controlling Shareholders and propose, where appropriate, the relevant measures for the management of such conflicts;
- reviewing and resolving all conflicts of interest matters referred to it; and
- monitoring the MFA Consent Undertakings.

Apart from the duties listed above, our Audit Committee shall review our policy and arrangements for employees and any other persons to raise concerns, in confidence, about possible improprieties in financial reporting or other matters. Our Audit Committee shall ensure that these arrangements allow such concerns to be raised and independently investigated, and appropriate follow up action be taken.

Based on the internal controls and risk management framework established and maintained by our Group, work performed by external auditors and reviews performed by management and various Board committees, our Board, with the concurrence of our Audit Committee, is of the opinion that the risk management and internal controls, including operational, financial, compliance and information technology controls, of our Group are adequate as at the date of this Prospectus to address financial, operational and compliance risks, which our Group considers relevant and material to its operations.

Our Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that our Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, our Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

#### ***Our Nominating Committee***

Our Nominating Committee comprises Mr. Stewart Yen Se-Hua, Mr. Tan Bong Lin, Mr. Hee Theng Fong and Mr. Tan Choon Hong. The Chairman of our Nominating Committee is Mr. Stewart Yen Se-Hua.

Responsibilities of our Nominating Committee include, among others:

- establishing a formal and transparent process for the appointment and re-appointment of Directors to our Board and assessing annually the effectiveness of our Board as a whole and our Board committees, and the contribution of each Director to the effectiveness of our Board;
- making recommendations to our Board on relevant matters relating to:
  - the review of Board succession plans for our Directors, in particular, the Chairman, and for our Chief Executive Officer;
  - the review of training and professional development programmes for our Board; and
  - the appointment and reappointment of Directors (including alternate Directors, if applicable);
- identifying candidates, reviewing and approving nominations for the positions of Director or alternate Director (whether appointment or re-appointment) and membership of Board committees (including our Audit Committee, our Remuneration Committee and our Nominating Committee), as well as appraise the qualifications and experience of any proposed new appointments to our Board and to recommend to our Board whether the nomination should be supported;
- ensuring that our Board and our Board committees comprise Directors who, as a group, provide an appropriate balance and diversity of skills, experience, genders and knowledge of our Group and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, taking into account, among other things, the future requirements of our Group and the guidelines recommended under the Code;
- reviewing on an annual basis, and as and when circumstances require, if a Director is independent, bearing in mind the circumstances set forth in the Code of Corporate Governance 2012 and any other salient factors; and
- where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments.

In addition, our Nominating Committee will make recommendations to our Board on the development of a process for evaluation of the performance of our Board, our Board committees and our Directors. In this regard, our Nominating Committee will decide how our Board's performance is to be evaluated and propose objective performance criteria which address how our Board has enhanced long-term shareholder value. Our Nominating Committee will also implement a process for assessing the effectiveness of our Board as a whole and our Board committees and for assessing the contribution of the Chairman and each individual Director to the effectiveness of our Board. The Chairman will act on the results of the performance evaluation of our Board, and in consultation with our Nominating Committee, propose, where appropriate, new members to be appointed to our Board or seek the resignation of Directors. Each member of our Nominating Committee shall abstain from voting on any resolutions in respect of any matter in which he has an interest.

### ***Our Remuneration Committee***

Our Remuneration Committee comprises Mr. Hee Theng Fong, Mr. Stewart Yen Se-Hua, Mr. Tan Bong Lin and Mr. Tan Choon Hong. The Chairman of our Remuneration Committee is Mr. Hee Theng Fong.

Responsibilities of our Remuneration Committee include, among others:

- reviewing and recommending to our Board, in consultation with the Chairman of our Board, for endorsement:
  - a general remuneration policy framework for our Board and other persons having authority and responsibility for planning, directing and controlling the activities of our Company ("**Key Management Personnel**");

- the specific remuneration packages for each of our Directors and Key Management Personnel; and
- succession planning;
- ensuring the remuneration policies and systems of our Group, as approved by our Board, support our Group's objectives and strategies, and are consistently administered and being adhered to within our Group;
- in the case of service contracts, reviewing our obligations arising in the event of termination of an Executive Director or Key Management Personnel's service contracts, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous; and
- proposing, for adoption by our Board, appropriate and meaningful performance criteria to assist in the evaluation of the performance of our Key Management Personnel, Directors and of our Board as a whole.

Our Remuneration Committee shall also ensure that the level and structure of remuneration should be aligned with the long-term interest and risk policies of our Group and should be appropriate, to attract, retain and motivate (a) our Directors to provide good stewardship of our Group and (b) Key Management Personnel to successfully manage our Group, as well as ensure accountability of our Group.

If a member of our Remuneration Committee has an interest in a matter being reviewed or considered by our Remuneration Committee, he will abstain from voting on that matter.

## EXECUTIVE OFFICERS

The following table sets forth information regarding our Executive Officers:

Name	Age	Address	Position
Mr. Jack Chua	57	229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007	Executive Director and Chief Executive Officer
Mr. Poh Chee Yong	40	229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007	Chief Financial Officer
Mr. Eugene Lim	50	229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007	Key Executive Officer

Certain information on the business and working experience of our Executive Officers is set out below:

**Mr. Jack Chua** is our Executive Director and Chief Executive Officer.

See "*Management – Directors*".

**Mr. Poh Chee Yong** is our Chief Financial Officer.

Mr. Poh Chee Yong is our Chief Financial Officer. He has held this position since joining our Group in 2011 (under the previous holding company of our subsidiaries). Prior to joining our Group, he was a Financial Controller at Raffles Education Corporation Limited from 2003 to 2011, and an auditor at KPMG Singapore from 2000 to 2003. Mr. Poh is a qualified Chartered Accountant of Singapore and holds a Bachelor of Accountancy from the Nanyang Technological University.

In considering the suitability of Mr. Poh Chee Yong for his role as our Chief Financial Officer, our Audit Committee has considered several factors, including his qualifications and experience, the accounting reporting structure, the team that supports and reports to him and the interactions our Audit Committee had with Mr. Poh Chee Yong. Our Audit Committee noted that Mr. Poh Chee Yong has more than 16 years of working experience in finance and accounting. Mr. Poh Chee Yong has also demonstrated

his knowledge and experience in accounting and financial reporting. After making all reasonable enquiries, and to the best of its knowledge and belief, nothing has come to our Audit Committee's attention to cause it to believe that Mr. Poh Chee Yong does not have the competence, character and integrity expected of a chief financial officer (or its equivalent rank) of a listed issuer.

**Mr. Eugene Lim** is our Key Executive Officer.

Mr. Eugene Lim is our Key Executive Officer. He has held this position since joining our Group in 2003 (under the previous holding company of our subsidiaries). Prior to joining our Group, he was a Marketing Manager at CapitaLand Limited from 1996 to 2003, an Assistant Marketing Manager at Edmund Tie & Company (SEA) Pte. Ltd. from 1995 to 1996, and a Marketing Manager with ERA Singapore Pte Ltd from 1991 to 1995. Mr. Lim holds a Bachelor of Science (Estate Management) and a Master of Science (Real Estate) from the National University of Singapore.

#### **FAMILY RELATIONSHIP/ARRANGEMENT OR UNDERSTANDING**

Our Non-Executive Director Mr. Tan Choon Hong is also our Controlling Shareholder. Both Mr. Tan Choon Hong and our Non-Executive Director, Mr. Tommy Teo Zhi Zhuang, are employees of Northstar Advisors Pte. Ltd. and directors of our Controlling Shareholder APRH. Mr. Tan Choon Hong is also the sole shareholder and director of our Controlling Shareholder PGA Realty.

Save for the foregoing, there are no arrangements or understandings with any person pursuant to which any of our Directors or Executive Officers were selected. There are no family relationships among any of our Directors, Executive Officers or Substantial Shareholders.

#### **PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF OUR DIRECTORS AND EXECUTIVE OFFICERS**

The present principal and past directorships held by our Directors and Executive Officers in the last five years preceding the Latest Practicable Date (excluding those held in our Company) are set out in *"Appendix E – List of Present and Past Principal Directorships of our Directors and Executive Officers"*.

#### **SERVICE AGREEMENT**

We have entered into a service agreement dated 12 January 2017 (and supplemented on 24 August 2017) with our Chief Executive Officer. His service agreement provides for compensation in the form of a monthly salary, a fixed annual bonus and a performance bonus based on the consolidated profit before tax of our Group. Consolidated profit before tax means, in respect of a financial year, the consolidated profit before tax and before performance bonus of our Group for that financial year and after deducting profit before tax attributable to minority interests. His performance bonus will be calculated on the basis of the audited consolidated accounts of our Group for the financial year preceding the date of payment of the performance bonus, and shall be payable within 30 days following the approval of the audited accounts of our Company by our Company's external auditors.

The service agreement of our Chief Executive Officer does not have a fixed term and contains termination provisions, pursuant to which either party to the agreement may terminate his employment at any time by giving not less than six months' prior written notice. We are also entitled to terminate his employment immediately or by giving such notice as we consider fit, provided we pay him a sum equal to his basic monthly salary in respect of the period or balance of the period of notice he would have otherwise been given. We may also terminate his employment immediately, by giving written notice and without compensation, under certain specified conditions, which include, among others, acts of dishonesty or fraud, his becoming disqualified to serve as a Director, his conviction of a criminal offence (other than an offence which in our opinion does not affect his position within our Group) and his breach of any of the terms of the service agreement.

The service agreement of our Chief Executive Officer also contains non-compete provisions that apply for twelve months following the termination of employment and which prohibit, among other things, the solicitation of any persons in competition with the business of our Group within any country in the Asia-Pacific region in which any business is being carried on by our Group, the solicitation of any person employed by our Group in any executive, managerial, technical, sales, consultative or creative capacity for the purpose of being involved in a competing business, the participation in any competing business, and dealing with clients of our Group in competition with the business of our Group. The service agreement also contains restrictions on the disclosure of our confidential information, including trade secrets, information relating to clients of our Group and details of business relationships.

None of our Directors (including our Chief Executive Officer) has entered, or proposes to enter, into service agreements with us or any subsidiary or subsidiary entity of our Group which provides for benefits upon termination of employment.

## COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The compensation, in bands of S\$250,000, we paid to each of our Directors and our Executive Officers (in terms of compensation) for services rendered by them in all capacities to our Company and our subsidiaries for FY2015 and FY2016 and paid and expected to be payable by our Company and our subsidiaries to each of these Directors and Executive Officers for services to be rendered by them in all capacities to our Company and our subsidiaries for FY2017, is as follows:

	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>
	<b>Actual<sup>(1),(3)</sup></b>		<b>Estimated<sup>(1),(3)</sup></b>
<b>Directors</b>			
Mr. Stewart Yen Se-Hua .....	-	-	A
Mr. Jack Chua <sup>(2)</sup> .....	F	G	G
Mr. Tan Choon Hong .....	-	-	-
Mr. Tommy Teo Zhi Zhuang .....	-	-	-
Mr. Tan Bong Lin .....	-	-	A
Mr. Hee Theng Fong .....	-	-	A
<b>Executive Officers</b>			
Mr. Jack Chua <sup>(2)</sup> .....		See above	
Mr. Poh Chee Yong .....	A	A	A
Mr. Eugene Lim <sup>(2)</sup> .....	A	A	A

### Notes:

- (1) Compensation includes any benefits in kind and any deferred compensation accrued for the relevant financial year and payable at a later date. The estimated remuneration payable for FY2017 excludes any bonus (other than fixed bonus) or profit-sharing plan or any other profit-linked agreement or arrangement.
- (2) As described in “– *Service Agreement*”, the service agreement of Mr. Jack Chua provides for compensation in the form of a monthly salary, a fixed annual bonus and a performance bonus based on the consolidated profit before tax of our Group. In addition to his fixed monthly salary, Mr. Eugene Lim receives a monthly incentive payment based on the number of agents registered with ERA Realty for the month.
- (3) Remuneration bands:  

“A” refers to remuneration less than or equal to the equivalent of S\$250,000.

“F” refers to remuneration greater than the equivalent of S\$1,250,000 and less than or equal to S\$1,500,000.

“G” refers to remuneration greater than the equivalent of S\$1,500,000 and less than or equal to S\$1,750,000.

We have not set aside or accrued any amounts to provide for pension, retirement or similar benefits.



## INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST

### INTERESTED PERSON TRANSACTIONS

In general, a transaction between:

- (1) an entity at risk (in this case, our Company or any of our subsidiaries or subsidiary entities or (if certain conditions set out in the definition of “entity at risk” in the SFR are satisfied) any of the associated companies or associated entities of our Company); and
- (2) any of the interested persons of our Company (in this case (i) a Director, (ii) our Chief Executive Officer, (iii) a Controlling Shareholder of our Company, or (iv) an associate of any such Director, Chief Executive Officer or Controlling Shareholder),

would constitute an interested person transaction.

Certain terms such as “associate”, “associated company”, “control”, “Controlling Shareholder”, “interested person” and “interested person transaction” used in this section have the meanings as provided in the Listing Manual and in the SFR, unless the context specifically requires the application of the definitions in one or the other as the case may be.

See “*Defined Terms and Abbreviations*” for the meanings of “associate”, “associated entity”, “subsidiary” and “subsidiary entity”.

Details of transactions between our Group and its interested persons for FY2014, FY2015 and FY2016 and for the period from 1 January 2017 until the Latest Practicable Date and which we consider to be material in the context of the Offering are described below. Save as otherwise provided in this section, investors, upon subscription of the Offering Shares, are deemed to have specifically approved these transactions with interested persons and as such these transactions are not subject to Rules 905 and 906 of the Listing Manual to the extent that there are no subsequent changes to the terms of the agreements in relation to each of these transactions.

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction which value is less than S\$100,000 is not considered material in the context of the Offering and is not taken into account for the purposes of aggregation in this section.

### PAST TRANSACTIONS

Details of the past transactions between our Group and interested persons which are material in the context of the Offering, for FY2014, FY2015 and FY2016 and for the period from 1 January 2017 until the Latest Practicable Date are as follows:

#### Provision of Brokerage Services to our Directors

ERA Realty has provided brokerage services to our Directors Mr. Jack Chua, Mr. Tommy Teo Zhi Zhuang and Mr. Stewart Yen Se-Hua in connection with the sale, purchase and/or rental of residential properties.

The commissions paid by Mr. Jack Chua to ERA Realty for transactions completed in each of 2014, 2015, 2016 and the period from 1 January 2017 up to the Latest Practicable Date were S\$29,166, S\$7,651, S\$112,216 and S\$8,266, respectively. Mr. Tommy Teo Zhi Zhuang did not pay any commissions, in line with the market practice for the seller or landlord (and not the purchaser or tenant) to pay commissions on brokerage services in relation to the sale or rental of private residential properties. The commission paid by Mr. Stewart Yen Se-Hua to ERA Realty for a transaction completed in 2014 was S\$17,325.97.

The provision of brokerage services to Mr. Jack Chua, Mr. Tommy Teo Zhi Zhuang and Mr. Stewart Yen Se-Hua were on an arm's length basis and on normal commercial terms. The commission rates paid by Mr. Jack Chua, and Mr. Stewart Yen Se-Hua were negotiated between each of them and the respective agents on an arm's length basis.

Our Company may in the ordinary course of business continue to provide brokerage services to its interested persons post-Listing. Should our Company do so, it would be subject to the requirements of Chapter 9 of the Listing Manual.

## **Provision of Share Charge by APRH**

In connection with a loan facility for the principal amount of S\$40,000,000 provided by RHB Bank Berhad, Singapore Branch (“**RHB Bank**”) to our Company, APRH, which was the holding company of our Company at the relevant time, entered into a borrower share charge dated 6 August 2015 with RHB Bank pursuant to which APRH, as security for the payment of the liabilities under the loan facility, charged in favour of RHB Bank and assigned to RHB Bank all its present and future rights, title and interest in and to, among other things, (a) the Shares, (b) all rights relating to any Shares, (c) all warrants, options and other rights to acquire any Shares, in each case whether currently or in the future owned by APRH or in which APRH has an interest (collectively, the “**Charged Shares**”) and (d) any dividends, distributions, sums received or other rights and assets in respect of or attached to the Charged Shares (collectively, the “**Share Charge**”).

The largest amount of the liabilities under the loan facility secured by the Share Charge in each of 2015, 2016 and the period from 1 January 2017 up to the Latest Practicable Date was S\$40 million, S\$37 million and S\$18 million respectively. The loan facility and the Share Charge were discharged on 31 May 2017.

No fees were paid to APRH for the provision of the Share Charge as our Company was a wholly-owned subsidiary of APRH at the relevant time. Accordingly, the provision of the Share Charge by APRH was not negotiated on an arm’s length basis. The terms of the Share Charge were not prejudicial to the interests of our Company or its minority Shareholders. Should our Company enter into similar transactions with APRH post-Listing, it would be subject to the requirements of Chapter 9 of the Listing Manual.

## **PRESENT AND ON-GOING TRANSACTIONS**

There are no present and on-going transactions between our Group and interested persons for FY2014, FY2015 and FY2016 and for the period from 1 January 2017 until the Latest Practicable Date.

## **REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS**

All future interested person transactions will be reviewed and approved in accordance with the threshold limits set out under Chapter 9 of the Listing Manual, to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of our Company and its minority shareholders. In the event that such interested person transactions require the approval of our Board and our Audit Committee, relevant information will be submitted to our Board or our Audit Committee for review. In the event that such interested person transactions require the approval of Shareholders, additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

In the review of all future interested person transactions the following procedures will be applied:

- (1) transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the value of our Company’s net tangible assets will be subject to review by our Audit Committee at regular intervals;
- (2) transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of our Company’s net tangible assets will be subject to the review and prior approval of our Audit Committee. Such approval shall only be given if the transactions are on arm’s length commercial terms and are consistent with similar types of transactions made with non-interested parties; and
- (3) transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of our Company’s net tangible assets will be reviewed and approved by our Audit Committee, prior to such transactions being entered into, which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

A register will be maintained to record all interested person transactions (incorporating the basis, amount and nature, on which they are entered into). Our Audit Committee will review all interested person transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with. Our Company will also endeavour to comply with the recommendations set out in the Code of Corporate Governance 2012.

The annual internal audit plan will incorporate a review of all interested person transactions entered into. Our Audit Committee will review internal audit reports to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, our Audit Committee will also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between our Group and its interested persons are conducted on arm's length commercial terms.

Transactions falling within the above categories, if any, will be reviewed quarterly by our Audit Committee to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account.

Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by our Audit Committee. Our Audit Committee will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and relevant accounting standards, are complied with.

In the event that a member of our Audit Committee is interested in any interested person transaction, he will abstain from reviewing that particular transaction. Our Company will also disclose the aggregate value of interested person transactions conducted during the current financial year in its annual report, as required pursuant to the Listing Manual.

## SHARE CAPITAL AND SHAREHOLDERS

Our Company was incorporated in Singapore on 15 July 2013 under the Companies Act as a private company limited by shares under the name of Realty Partners Group Pte. Ltd. On 2 May 2017, our Company changed its name to APAC Realty Pte. Ltd. On 5 September 2017, our Company was converted into a public company limited by shares and changed its name to APAC Realty Limited.

As at the date of incorporation, the issued and paid-up share capital of our Company was S\$1.00 comprising one Share. As at the Latest Practicable Date, the issued and paid-up share capital of our Company was S\$70,700,000 comprising 311,080,000 Shares.

As at the date of this Prospectus, there is only one class of shares in the capital of our Company. The rights and privileges attached to the Shares are stated in our Constitution.

On 4 September 2017, our Shareholder passed resolutions to approve, *inter alia*, the following:

- (a) the conversion of our Company into a public company limited by shares and the adoption of a new Constitution effective upon our Listing;
- (b) the change of our Company's name to "APAC Realty Limited";
- (c) the sub-division of the 70,700,000 Shares into 311,080,000 Shares, which was effected on 5 September 2017 (the "**Share Split**");
- (d) that pursuant to Section 161 of the Companies Act and our Constitution, authority be given to our Directors to:
  - (i) issue Shares whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other similar instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such person(s) as our Directors may in their absolute discretion deem fit; and

(notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by our Directors while this resolution was in force,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this resolution (including new Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution):
  - (i) by way of a renounceable rights issue on a *pro rata* basis ("**Renounceable Rights Issue**") to Shareholders, shall not exceed 100 per cent. of the total number of issued Shares of our Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below) ("**Enhanced Rights Issue Limit**"); and
  - (ii) otherwise than by way of Renounceable Rights Issues, shall not exceed 50 per cent. of the total number of issued shares of our Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below),

of which the aggregate number of Shares to be issued other than on a *pro rata* basis to Shareholders may not exceed 20 per cent. of the total number of issued Shares of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);

- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of Shares excluding treasury shares immediately after the close of the Offering and the issue of the Cornerstone Shares, after adjusting for:
  - (A) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed; and
  - (B) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this resolution, our Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and our Constitution for the time being; and
- (4) (unless revoked or varied by our Company in general meeting) the authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier; and
- (e) that authority be given to our Directors to issue Shares and offer the same to such persons, on such terms and conditions and with such rights or restrictions as they may think fit to impose, in connection with the Offering, the Cornerstone Subscription Agreements, and the admission of our Company to the Official List of the SGX-ST.

The authority for the Enhanced Rights Issue Limit was pursuant to the SGX-ST news release of 13 March 2017 and the Listing Manual which introduced measures aimed at helping companies raise funds expediently for expansion activities or working capital and will be in effect until 31 December 2018 by which date the Shares issued pursuant to the Enhanced Rights Issue Limit must be listed. Our Directors are of the view that the Enhanced Rights Issue Limit is in the interests of our Company and our Shareholders.

## **CURRENT SHAREHOLDERS AND VENDOR**

The table below sets out the names of each Substantial Shareholder of our Company, which means a Shareholder who is known by our Company to beneficially own 5.0% or more of our issued Shares, each Director (including our Chief Executive Officer) who has an interest in the Shares and the Vendor, and the number and percentage of Shares in which each of them has an interest (whether direct or deemed) as at the Latest Practicable Date and immediately after the completion of the Offering and the issue of the Cornerstone Shares. Our Directors and Executive Officers may, subject to applicable laws, subscribe for Public Offer Shares and/or the Placement Shares. In such cases, we will make announcements via SGXNET as soon as practicable.

To our knowledge, as at the Latest Practicable Date, no person intends to subscribe for more than 5.0% of the Shares in the Offering.

All Shares owned by our Substantial Shareholders and Directors (including our Chief Executive Officer) carry the same voting rights as the Offering Shares.

Percentage ownership is based on, as the case may be:

- (1) 311,080,000 Shares outstanding as at the Latest Practicable Date (after adjusting for the Share Split); and
- (2) 355,197,700 Shares outstanding immediately after the completion of the Offering and the issue of the Cornerstone Shares (after adjusting for the Share Split).

There are no Shares issued that have not been fully paid.

Name	As at the Latest Practicable Date				Immediately after the Offering and the issue of the Cornerstone Shares (assuming the Over-allotment Option is not exercised)				Immediately after the Offering and the issue of the Cornerstone Shares (assuming the Over-allotment Option is exercised in full)			
	No. of Shares (million)	Direct Interest %	No. of Shares (million)	Deemed Interest %	No. of Shares (million)	Direct Interest %	No. of Shares (million)	Deemed Interest %	No. of Shares (million)	Direct Interest %	No. of Shares (million)	Deemed Interest %
<b>Directors</b>												
Mr. Stewart Yen Se-Hua	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Jack Chua <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Tan Choon Hong <sup>(1)</sup>	-	-	311.1	100	-	-	265.5	74.7	-	-	255.7	72.0
Mr. Tommy Teo Zhi Zhuang	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Tan Bong Lin	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Hee Theng Fong	-	-	-	-	-	-	-	-	-	-	-	-
<b>Substantial Shareholders</b>												
Asia Pacific Realty Holdings Ltd <sup>(1)</sup> , <sup>(2)</sup> , <sup>(3)</sup>	311.1	100	-	-	265.5	74.7	-	-	255.7	72.0	-	-
PGA Realty Partners Ltd. <sup>(1)</sup>	-	-	311.1	100	-	-	265.5	74.7	-	-	255.7	72.0
<b>Other Shareholders</b>												
Employees / Agents <sup>(3)</sup>	-	-	1.5	0.5	1.5	0.4	-	-	1.5	0.4	-	-
<b>Cornerstone Investors</b>												
FIL Investment Management (Hong Kong) Limited	-	-	-	-	15.2	4.3	-	-	15.2	4.3	-	-
Qilin Asset Management Pte. Ltd.	-	-	-	-	12.1	3.4	-	-	12.1	3.4	-	-
Asdew Acquisitions Pte Ltd	-	-	-	-	6.0	1.7	-	-	6.0	1.7	-	-
Azure Capital Pte Ltd	-	-	-	-	6.0	1.7	-	-	6.0	1.7	-	-
<b>New investors in the Offering</b>	-	-	-	-	48.9	13.8	-	-	58.7	16.5	-	-
<b>Total</b>	<b>311.1</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>355.2</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>355.2</b>	<b>100.0</b>	<b>-</b>	<b>-</b>



**Notes:**

(1) APRH is a Cayman-incorporated company which directly holds Shares. APRH has two classes of shares, namely Class A shares with full voting rights and no economic rights and Class B shares with full economic rights and limited voting rights. The Class A shares of APRH are held by PGA Realty, a British Virgin Islands incorporated company of which Mr. Tan Choon Hong is the sole director and shareholder.

For purposes of Section 4 of the SFA, each of Mr. Tan Choon Hong and PGA Realty is deemed to be interested in the Shares held by APRH.

(2) As at the Latest Practicable Date, the Class B shares of APRH are approximately 80.8% held by Canopus Realty Ltd (“CRL”), a holding company established in the British Virgin Islands, approximately 16.7% held by APAC Realty 1, approximately 2.1% held by APAC Realty 2 and approximately 0.5% held by APAC Realty 3, being holding companies incorporated in the Cayman Islands. CRL is wholly-owned by Northstar Equity Partners III Limited, an investment fund established in the Cayman Islands. Certain senior employees of our Group (including Mr. Jack Chua, Mr. Poh Chee Yong and Mr. Eugene Lim) hold Class B shares in APAC Realty 1 or APAC Realty 2, as the case may be. 12 of our Division Directors and one of our employees hold Class B shares in APAC Realty 3. Such Class B shares have full economic rights and limited voting rights. Mr. Jack Chua holds 70.5% of Class B shares in APAC Realty 1.

(3) This comprises the 12 Division Directors and one employee referred to in footnote (2), who are not associates of any of our Directors or our Controlling Shareholders. As at the Latest Practicable Date, these individuals hold Class B shares of APAC Realty 3. Pursuant to a restructuring (the “**Restructuring**”) which is expected to complete on or around the Listing Date, these individuals will, in exchange for the redemption and cancellation of their Class B shares of APAC Realty 3, directly hold Shares. Pursuant to the Restructuring, 1,503,555 Shares (which are currently held by APRH) are expected to be transferred to such individuals on or around the Listing Date. These individuals include Mr. Foong Cheng Keong and Ms. Tan Boon Ngee who have agreed to lock-up arrangements with the Sole Issue Manager, Bookrunner and Underwriter as described in “*Plan of Distribution – No Sale of Similar Securities and Lock-up*”.

## **SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP**

Save as disclosed below, there were no significant changes in the percentage of ownership of our Company in the last three years prior to the Latest Practicable Date.

As described in “– *Current Shareholders and Vendor*” above, as at the Latest Practicable Date, 12 of our Division Directors and one of our employees hold Class B shares of APAC Realty 3. Pursuant to the Restructuring which is expected to complete on or around the Listing Date, these individuals will, in exchange for the redemption and cancellation of their Class B shares of APAC Realty 3, directly hold Shares. Pursuant to the Restructuring, 1,503,555 Shares (which are currently held by APRH) are expected to be transferred to such individuals on or around the Listing Date.

## **VENDOR**

The Vendor will be selling 44,117,700 Vendor Shares in the Offering and 9,750,000 Additional Shares through the provision of the Over-allotment Option (assuming the Over-allotment Option is exercised in full), comprising in aggregate approximately 17.3% of our share capital prior to the Offering and the issue of the Cornerstone Shares, and approximately 15.2% of our share capital immediately after the completion of the Offering and the issue of the Cornerstone Shares.

## **CHANGES IN ISSUED SHARE CAPITAL**

There have been no changes in the issued and paid-up share capital of our Company and our subsidiaries or associated company in the last three years prior to the Latest Practicable Date.

## **INFORMATION ON THE CORNERSTONE INVESTORS**

At the same time as but separate from the Offering, the Cornerstone Investors have entered into Cornerstone Subscription Agreements dated 12 September 2017 with our Company to subscribe for an aggregate of 39,321,200 Cornerstone Shares at the Offering Price, conditional upon, among others, the Underwriting Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date.

The Cornerstone Investors are:

### **FIL Investment Management (Hong Kong) Limited**

FIL Investment Management (Hong Kong) Limited, acting as professional fiduciary for certain accounts, is incorporated in Hong Kong. Its principal business activity is asset management. FIL Investment Management (Hong Kong) Limited has entered into a Cornerstone Subscription Agreement to subscribe for 15,200,000 Cornerstone Shares at the Offering Price.

### **Qilin Asset Management Pte. Ltd.**

Qilin Asset Management Pte. Ltd. is a Single Family Office headquartered in Singapore and owned by Mr. Lim Chap Huat, the owner and Executive Chairman of Soilbuild Group Holdings Ltd.

Qilin Asset Management Pte. Ltd. oversees a global portfolio of equities, debt, funds, derivatives and foreign currencies. Its principal strategies and divisions include value-driven allocations, quantitative trading as well as long-short strategies.

Soilbuild Group is a leading integrated property group with a track record of more than 40 years in constructing, developing and managing residential and business space properties. Soilbuild Group has completed a multitude of purpose-built business spaces and manages close to four million square feet of business space for lease. The group has further developed a range of residential properties from high-end luxury condominiums to townhouses and conservation terraces.

Qilin Asset Management Pte. Ltd. has entered into a Cornerstone Subscription Agreement to subscribe for 12,121,200 Cornerstone Shares at the Offering Price.

### **Asdew Acquisitions Pte Ltd**

Asdew Acquisitions Pte Ltd is an investment company incorporated in Singapore in 1999 which is predominantly owned by Mr Wang Yu Huei. It invests mostly in listed equities, fixed income products and real estate products. Asdew Acquisitions Pte Ltd has entered into a Cornerstone Subscription Agreement to subscribe for 6,000,000 Cornerstone Shares at the Offering Price.

**Azure Capital Pte Ltd**

Azure Capital Pte Ltd is a company incorporated in Singapore and operates as a registered fund management company and invests mainly in the small and mid-cap stocks. Azure Capital Pte Ltd has entered into a Cornerstone Subscription Agreement to subscribe for 6,000,000 new Shares at the Offering Price.

**CHANGE IN CONTROL OF OUR COMPANY**

To our knowledge, save as disclosed in this Prospectus, our Company is not owned or controlled by any person or government and will not be owned or controlled by any person or government immediately after the completion of the Offering and the issue of the Cornerstone Shares.

As at the date hereof, we are not currently aware of any arrangement the operation of which may, at a subsequent date, result in a change of control of our Company.

## DESCRIPTION OF THE SHARES

*The following statements are brief summaries of the more important rights and privileges of Shareholders conferred by the laws of Singapore and our Constitution. These statements summarise the material provisions of our Constitution but are qualified in their entirety by reference to our Constitution and the laws of Singapore. See “Appendix D – Summary of our Constitution”.*

### SHARES

The Shares, which have identical rights in all respects, rank equally with one another. Our Constitution provides that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Board may think fit, and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations.

All of the Shares are in registered form. We may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in the circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of the Shares.

### NEW SHARES

We may only issue new Shares with the prior approval of our Shareholders in a general meeting.

### SHAREHOLDERS

We only recognise the persons who are registered in our register of members and, in cases in which the person so registered is CDP or its nominee, as the case may be, we recognise the persons named as the Depositors in the Depository Register (as defined in the SFA) maintained by CDP for the Shares as holders of the Shares.

We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any of the Shares, or any interest in any fractional part of a Share, or other rights in respect of any Share, other than the absolute right thereto of the person whose name is entered in our register of members as the registered holder thereof, or of the person whose name is entered in the Depository Register maintained by CDP for that Share.

We may close our register of members at any time or times if we provide the SGX-ST with at least five clear Market Days’ notice, or such other periods as may be prescribed by the SGX-ST. However, our register of members may not be closed for more than 30 days in aggregate in any calendar year. We typically close our register of members to determine Shareholders’ entitlement to receive dividends and other distributions.

### TRANSFER OF SHARES

There is no restriction on the transfer of fully paid-up Shares except where required by law or the listing rules of, or bye-laws and rules, governing any securities exchange upon which the Shares are listed or as provided in our Constitution. Our Board may in their discretion decline to register any transfer of Shares on which we have a lien and in the case of Shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve. A Shareholder may transfer any Shares registered in its own name by means of a duly signed instrument of transfer in a form approved by any securities exchange upon which the Shares are listed or in any other form acceptable to our Directors. Our Board may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. A Shareholder may transfer any Shares held through the SGX-ST book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

We will replace lost or destroyed certificates for Shares provided that the applicant pays a fee which will not exceed S\$2.00, and furnishes such evidence and a letter of indemnity as our Board may require.

## GENERAL MEETINGS OF OUR SHAREHOLDERS

We are required to hold a general meeting of Shareholders every year and not more than 15 months after the holding of the last preceding annual general meeting. Our Board may convene an extraordinary general meeting whenever they think fit and it must do so upon the written request of Shareholders holding not less than 10.0% of the total number of paid-up Shares as carries the right to vote at general meetings (disregarding paid-up Shares held as treasury shares). In addition, two or more Shareholders holding not less than 10.0% of our total number of issued Shares may call a meeting of our Shareholders.

Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including:

- voluntary winding-up;
- amendments to our Constitution;
- a change of our corporate name; and
- a reduction in the share capital.

We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. For so long as the Shares are listed on the SGX-ST, at least 14 days' notice of any general meeting shall be given in writing to the SGX-ST and by advertisement in the daily press.

The notice must be given to every Shareholder who has supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

## VOTING RIGHTS

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy need not be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 72 hours before the general meeting.

Except as otherwise provided in our Constitution, two or more Shareholders must be present in person or by proxy or attorney to constitute a quorum at any general meeting. Under our Constitution:

- on a show of hands, every Shareholder present in person or by proxy shall have one vote, provided that:
  - in the case of a Shareholder who is not a relevant intermediary (as defined below) and who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, by the chairman of the meeting (or by a person authorised by the chairman of the meeting) in his sole discretion shall be entitled to vote on a show of hands); and
  - in the case of a Shareholder who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands; and
- on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents.

The following types of members ("**relevant intermediaries**" and each a "**relevant intermediary**") are allowed to appoint more than two proxies: (i) a licensed bank or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity; (ii) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and (iii) the CPF Board, in respect of shares purchased on behalf of CPF members.

The Listing Manual requires all resolutions at general meeting to be voted by poll. A poll may be demanded in certain circumstances, including:

- by the chairman of the meeting;
- by not less than two Shareholders present in person or by proxy and entitled to vote at the meeting;
- by any Shareholder present in person or by proxy and representing not less than 5.0% of the total voting rights of all Shareholders having the right to vote at the meeting; and
- by any Shareholder present in person or by proxy and holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid-up equal to not less than 5.0% of the total sum paid up on all the shares conferring that right.

In the case of a tie vote, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote.

## **LIMITATIONS ON RIGHTS TO HOLD SHARES**

Singapore law and our Constitution do not impose any limitations on the right of non-resident or foreign Shareholders to hold or exercise voting rights attached to the Shares.

## **DIVIDENDS**

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. Our Board may also declare an interim dividend without the approval of our Shareholders.

We must pay all dividends out of our profit(s) available for distribution.

All dividends we pay are *pro rata* in amount to our Shareholders in proportion to the amount paid up or credited as paid on each Shareholder's Shares, unless the rights attaching to an issue of any Share or class of Shares provide otherwise.

Unless otherwise directed, dividends may be paid by a cheque or warrant sent through the post to each Shareholder at his registered address appearing in our register of members or (as the case may be) the Depository Register. However, our payment to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

## **BONUS AND RIGHTS ISSUE**

Our Board may, with the approval from our Shareholders at a general meeting, capitalise any sums standing to the credit of any of our Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit or loss account and distribute the same as bonus Shares credited as paid-up to the Shareholders in proportion to their shareholdings.

Our Board may also issue bonus Shares to participants of any share incentive or option scheme or plan implemented by our Company and approved by our Shareholders in such manner and on such terms as our Board shall think fit.

Our Board may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any securities exchange upon which the Shares are listed.

## **TAKE-OVERS**

Under the Singapore Take-Over Code, issued by the MAS pursuant to Section 321 of the SFA, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting shares must extend a take-over offer for the remaining voting shares in accordance with the provisions of the Singapore Take-Over Code. In addition, a mandatory take-over offer is also required to be made if a person holding, either on his own or together with parties acting in



concert with him, between 30.0% and 50.0% of the voting shares acquires additional voting shares representing more than 1.0% of the voting shares in any six-month period. Under the Singapore Take-Over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

- (a) the following companies:
  - (i) a company;
  - (ii) the parent company of (i);
  - (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of (i), (ii), (iii) or (iv);
  - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
  - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of:
  - (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
  - (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10.0% or more of the customer's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) the following persons and entities:
  - (i) an individual;
  - (ii) the close relatives of (i);
  - (iii) the related trusts of (i);
  - (iv) any person who is accustomed to act in accordance with the instructions of (i);
  - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
  - (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Under the Singapore Take-Over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six months.

## **LIQUIDATION OR OTHER RETURN OF CAPITAL**

If we are liquidated or in the event of any other return of capital, holders of the Shares will be entitled to participate in the distribution of any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares in our Company.

## **INDEMNITY**

As permitted by Singapore law, our Constitution provides that our Company may, subject to the provisions of and so far as may be permitted by the Companies Act, indemnify our Board and officers against any liability incurred or to be incurred by them in the execution of their duties.

Subject to certain exceptions, our Company may not indemnify our Board and our officers against any liability attaching to them in connection with any negligence, default, breach of duty or breach of trust in relation to our Company. Such exceptions are: (i) the purchase and maintenance for our Directors and officers of insurance against any such liability; and (ii) circumstances where the provision for indemnity is against liability incurred by our Directors and officers to a person other than our Company, except when the indemnity is against (a) any liability of our Director or officer to pay a fine in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising); or (b) any liability incurred by our Director or officer (1) in defending criminal proceedings in which he is convicted; (2) in defending civil proceedings brought by our Company or a related company in which judgment is given against him; or (3) in connection with an application for relief under Section 76A(13) or Section 391 of the Companies Act in which the court refuses to grant him relief.

## **SUBSTANTIAL SHAREHOLDINGS**

Under the SFA, a person has a substantial shareholding in our Company if he has an interest (or interests) in one or more voting shares (excluding treasury shares) in our Company and the total votes attached to that share or those shares, is not less than 5.0% of the aggregate of the total votes attached to all voting shares (excluding treasury shares) in our Company.

The SFA requires our Substantial Shareholders, or if they cease to be our Substantial Shareholders, to give notice to us using the forms prescribed by the Authority (which are available at <http://www.mas.gov.sg>) of particulars of the voting shares in our Company in which they have or had an interest (or interests) and the nature and extent of that interest or those interests, and of any change in the percentage level of their interest.

In addition, the deadline for a Substantial Shareholder to make disclosure to our Company under the SFA is two Singapore business days after he becomes aware:

- that he is or (if he had ceased to be one) had been a Substantial Shareholder;
- of any change in the percentage level in his interest; or
- that he had ceased to be a Substantial Shareholder,

there being a conclusive presumption of a person being “aware” of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware.

Following the above, we will in turn announce or otherwise disseminate the information stated in the notice to the SGX-ST as soon as practicable and in any case, no later than the end of the Singapore business day following the day on which we received the notice.

“Percentage level”, in relation to a Substantial Shareholder in our Company, means the percentage figure ascertained by expressing the total votes attached to all the voting shares in our Company in which the Substantial Shareholder has an interest (or interests) immediately before or (as the case

may be) immediately after the relevant time as a percentage of the total votes attached to all the voting shares (excluding treasury shares) in our Company, and, if it is not a whole number, rounding that figure down to the next whole number.

## **MINORITY RIGHTS**

Section 216 of the Companies Act protects the rights of minority shareholders of Singapore incorporated companies by giving the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations:

- if our affairs are being conducted or the powers of our Board are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders; or
- if we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- direct or prohibit any act or cancel or vary any transaction or resolution;
- regulate the conduct of our affairs in the future;
- authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- direct us or some of our Shareholders to purchase a minority Shareholder's Shares and, in the case of our purchase of Shares, a corresponding reduction of our share capital;
- direct that our Constitution be amended; or
- direct that we be wound up.

In addition, Section 216A of the Companies Act allows a complainant (including a minority shareholder) to apply to court for leave to bring an action in a court proceeding or to commence an arbitration proceeding in the name and on behalf of a company.

## **LEGAL FRAMEWORK**

The following statements are brief summaries of the laws of Singapore relating to the legal framework in Singapore and our Board, which are qualified in their entirety by reference to the laws of Singapore.

Singapore has a common law system based on a combination of case law and statutes. The Companies Act is the principal legislation governing companies incorporated under the laws of Singapore and provides for three main forms of corporate vehicles, being the company limited by shares, the company limited by guarantee and the unlimited company.

Companies are incorporated by filing with the Accounting and Corporate Regulatory Authority in Singapore certain electronic forms, including the constitutional documents which comprise its constitution.

The constitution of a Singapore incorporated company may set out the specific objects and powers of the company, or may give the company full power to carry on or undertake any business activity. The constitution generally contains provisions relating to share capital and variation of rights, transfers and transmissions of shares, meetings of shareholders, directors and directors' meetings, powers and duties of directors, accounts, dividends and reserves, capitalisation of profits, secretary, common seal, winding-up and indemnity of the officers of a company.

## TAXATION

*The statements made herein regarding taxation are general in nature and based on certain aspects of current tax laws of Singapore and administrative guidelines issued by the relevant authorities in force as at the date of this Prospectus and are subject to any changes in such laws or administrative guidelines, or in the interpretation of these laws or guidelines, occurring after such date, which changes could be made on a retrospective basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The statements below are not to be regarded as advice on the tax position of any holder of the Shares or of any person acquiring, selling or otherwise dealing with the Shares or on any tax implications arising from the acquisition, sale or other dealings in respect of the Shares. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective Shareholders are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Shares. The statements below are based on the assumption that our Company is tax resident in Singapore for Singapore income tax purposes. It is emphasised that neither our Company nor any other persons involved in this Prospectus accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Shares.*

### INDIVIDUAL INCOME TAX

An individual is a tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax if the Comptroller of Income Tax in Singapore (“**Comptroller**”) is satisfied that the tax exemption would be beneficial to the individual.

A Singapore tax resident individual is taxed at progressive rates ranging from 0.0% to 22.0%. Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore at the rate of 22.0%.

### CORPORATE INCOME TAX

A corporate taxpayer is regarded as resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of dividends, branch profits and service income received or deemed to be received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from tax if certain prescribed conditions are met, including the following:

- (i) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received; and
- (ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15.0%.

Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore (“**IRAS**”) with respect to such conditions.

A non-resident corporate taxpayer is subject to income tax on income that is accrued in or derived from Singapore, and on foreign-sourced income received or deemed received in Singapore, subject to certain exceptions.

The corporate tax rate in Singapore is currently 17.0%. In addition, three-quarters of up to the first S\$10,000, and one-half of up to the next S\$290,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax. The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate tax rate. New companies will also, subject to certain conditions and exceptions, be eligible for full tax exemption on their normal chargeable income of up to S\$100,000 a year for each of the company's first three years of assessment.

## **DIVIDEND DISTRIBUTIONS**

All Singapore-resident companies are currently under the one-tier corporate tax system ("**one-tier system**").

Dividends received in respect of the Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax, on the basis that our Company is a tax resident of Singapore and under the one-tier system.

Under the one-tier system, the tax on corporate profits is final and dividends paid by a Singapore-resident company are tax exempt in the hands of a shareholder, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

## **GAINS ON DISPOSAL OF SHARES**

Singapore does not impose tax on capital gains. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains arising from the disposal of the Shares may be construed to be of an income nature and subject to Singapore income tax, especially if they arise from activities which the IRAS regards as the carrying on of a trade or business in Singapore.

Shareholders who apply, or who are required to apply, the Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**") for the purposes of Singapore income tax may be required to recognise gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of the Shares is made.

Shareholders who may be subject to this tax treatment should consult their accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Shares.

## **STAMP DUTY**

There is no stamp duty payable on the subscription for the Shares.

Where the Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the agreement or instrument of transfer of the Shares at the rate of 0.2% of the consideration for, or market value of, the Shares, whichever is higher.

Stamp duty is borne by the purchaser unless there is an agreement to the contrary. Where an agreement or instrument of transfer is executed outside Singapore or no agreement or instrument of transfer is executed, no stamp duty is payable on the acquisition of the Shares. However, stamp duty may be payable if the agreement or instrument of transfer is executed outside Singapore and is received in Singapore.

Stamp duty is not applicable to electronic transfers of the Shares through the scripless trading system operated by CDP.

## **ESTATE DUTY**

Singapore estate duty was abolished with respect to all deaths occurring on or after 15 February 2008.

## **GOODS AND SERVICES TAX ("GST")**

The sale of the Shares by a GST-registered investor belonging in Singapore for GST purposes to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST incurred by the GST-registered investor in making an exempt supply is generally not recoverable from the Singapore Comptroller of GST.

Where the Shares are sold by a GST-registered investor in the course of or furtherance of a business carried on by such investor contractually to and for the direct benefit of a person belonging outside Singapore, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0.0%. Any input GST incurred by the GST-registered investor in making such a supply in the course of or furtherance of a business may be fully recoverable from the Singapore Comptroller of GST.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of the Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of the Shares will be subject to GST at the standard rate of 7.0%. Similar services rendered by a GST-registered person contractually to and for the direct benefit of an investor belonging outside Singapore should generally, subject to the satisfaction of certain conditions, be subject to GST at 0.0%.



## PLAN OF DISTRIBUTION

The Offering comprises 4,796,500 New Shares and 44,117,700 Vendor Shares (representing in aggregate approximately 13.8% of our Company's share capital immediately after completion of the Offering and the issue of the Cornerstone Shares) for subscription and/or purchase under the Placement and the Public Offering. At the same time as but separate from the Offering, the Cornerstone Investors have entered into Cornerstone Subscription Agreements with our Company to subscribe for an aggregate of 39,321,200 Cornerstone Shares at the Offering Price, conditional upon, among others, the Underwriting Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date.

The Offering Price was determined after a book-building process and agreed among our Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter, after taking into account, among other things, the prevailing market conditions. 44,503,200 Shares are being offered under the Placement and 4,411,000 Shares are being offered under the Public Offering. The Shares may be re-allocated between the Placement and the Public Offer at the discretion of the Sole Issue Manager, Bookrunner and Underwriter, following consultation with us and the Vendor.

The Public Offering is open to members of the public in Singapore. Under the Placement, the Shares are being offered by way of an international placement through the Sole Issue Manager, Bookrunner and Underwriter to investors, in offshore transactions as defined in and in reliance on Regulation S.

The closing of the Offering is conditional upon, among other things, the closing of the transactions contemplated in the underwriting agreement dated 21 September 2017 (the "**Underwriting Agreement**") entered into among our Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter, including, among others, the fulfilment or waiver by the SGX-ST of all conditions contained in the letter of eligibility from the SGX-ST for the listing and quotation of the Shares on the Mainboard of the SGX-ST.

## THE UNDERWRITING AGREEMENT

Subject to the terms and conditions set forth in the Underwriting Agreement, we and the Vendor will effect the issue or sale (as the case may be) of, and the Sole Issue Manager, Bookrunner and Underwriter is expected to procure subscribers or purchasers, or failing which to subscribe for or purchase, an aggregate of 88,235,400 Shares (being the Offering Shares and the Cornerstone Shares). See "*Use of Proceeds – Expenses*" for information on the underwriting fees and any discretionary incentive fees payable by us and the Vendor to the Sole Issue Manager, Bookrunner and Underwriter.

Purchasers and/or subscribers of the Placement Shares will be required to pay to the Sole Issue Manager, Bookrunner and Underwriter a brokerage fee of up to 1.0% of the Offering Price, as well as stamp duty and other similar charges to the relevant authorities in accordance with the laws and practices of the country of subscription and/or purchase, at the time of settlement.

Our Company and the Vendor have agreed in the Underwriting Agreement to indemnify the Sole Issue Manager, Bookrunner and Underwriter against certain liabilities.

The Underwriting Agreement also provides that the obligations of the Sole Issue Manager, Bookrunner and Underwriter to procure subscribers or purchasers, or failing which to subscribe for or purchase, the Offering Shares and the Cornerstone Shares are subject to certain conditions contained in the Underwriting Agreement.

The Underwriting Agreement may be terminated by the Sole Issue Manager, Bookrunner and Underwriter at any time prior to the issue and delivery of the Shares, pursuant to the terms and subject to the conditions of the Underwriting Agreement upon the occurrence of certain events including, among other things, certain force majeure events.

## OVER-ALLOTMENT OPTION

In connection with the Offering, APRH has granted the Sole Issue Manager, Bookrunner and Underwriter the Over-allotment Option exercisable by the Stabilising Manager (or any of its affiliates or other persons acting on its behalf), in full or in part, on one or more occasions, from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an

aggregate of 9,750,000 Shares, representing approximately 19.9% of the total number of Offering Shares in the Offering, in undertaking stabilising actions, to purchase up to an aggregate of 9,750,000 Shares (representing not more than 19.9% of the total number of Offering Shares) at the Offering Price, solely to cover the over-allotment of Shares (if any), subject to any applicable laws and regulations, including the SFA and any regulations thereunder.

## **PRICE STABILISATION**

In connection with the Offering, the Stabilising Manager (or any of its affiliates or persons acting on its behalf) may over-allot Shares or effect transactions that stabilise or maintain the market price of the Shares at levels that might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) will undertake any stabilisation action. Such transactions may commence on or after the Listing Date and, if commenced, may be discontinued at any time at the Stabilising Manager's sole discretion and must not be effected after the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 9,750,000 Shares, representing approximately 19.9% of the total number of Offering Shares in the Offering, in undertaking stabilising actions.

None of our Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Shares. In addition, none of our Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) makes any representation that the Stabilising Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilising Manager will also be required to make a public announcement through the SGX-ST in relation to the cessation of the stabilising actions and the number of Shares in respect of which the Over-allotment Option has been exercised not later than 8.30 a.m. on the trading day of the SGX-ST immediately after the day of cessation of stabilising actions.

## **SHARE LENDING AGREEMENT**

In connection with the Over-allotment Option, DBS Bank Ltd. has entered into a share lending agreement dated 21 September 2017 (the "**Share Lending Agreement**") with APRH pursuant to which the Stabilising Manager may borrow up to 9,750,000 Shares from it, which will be borrowed before the commencement of trading of the Shares on the SGX-ST, for the sole purpose of facilitating settlement of the over-allotment of Shares in connection with the Offering. Any Shares that may be borrowed by the Stabilising Manager under the Share Lending Agreement will be returned by the Stabilising Manager to APRH by no later than five business days following the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager or its appointed agent has bought on the SGX-ST an aggregate of 9,750,000 Shares, representing approximately 19.9% of the total Offering Shares, in undertaking stabilising actions.

## **NO SALE OF SIMILAR SECURITIES AND LOCK-UP**

### **Our Company**

We have agreed with the Sole Issue Manager, Bookrunner and Underwriter that, we will not, from the date of the Underwriting Agreement until the date falling six months after the Listing Date (both dates inclusive), without the consent of the Sole Issue Manager, Bookrunner and Underwriter, directly or indirectly (i) allot, offer, issue, sell, contract to issue, grant any option, warrant or other right to subscribe or purchase, grant security over, encumber (whether by way of mortgage, assignment of rights, charge, pledge, pre-emption rights, rights of first refusal or otherwise), or otherwise dispose of or transfer, any Shares or any other securities of our Company or any subsidiary of our Company (including any equity-linked securities, perpetual securities and any securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase such Shares or any other securities of our Company or any subsidiary of our Company), whether such transaction is to be settled by delivery of Shares or other securities of our Company or subsidiary of our Company, or in cash or otherwise; (ii) enter into any swap, hedge or other transaction or arrangement (including a derivative

transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or any securities of our Company or any subsidiary of our Company, or any interest in any of the foregoing (including any securities convertible into or exercisable or exchangeable for, or which carry rights to subscribe for or purchase any Shares or any other securities of our Company or any subsidiary of our Company), whether such transaction is to be settled by delivery of Shares or other securities of our Company or subsidiary of our Company, or in cash of otherwise; (iii) deposit any Shares or any other securities of our Company or any subsidiary of our Company (including any securities convertible into or exercisable or exchangeable for, or which carry rights to subscribe for or purchase any Shares or any other securities of our Company or any subsidiary of our Company) in any depository receipt facilities (other than in a CDP designated moratorium account for the purposes of complying with these restrictions); (iv) enter into any transaction which is designed or which may reasonably be expected to result in any of the above; or (v) announce or publicly disclose any intention to do any of the above, provided, however, that the foregoing restrictions shall not apply in respect of the Offering Shares and the Cornerstone Shares.

#### **APRH, PGA Realty, Mr. Tan Choon Hong and Senior Agents**

As described in “*Share Capital and Shareholders – Current Shareholders and Vendor*”, pursuant to the Restructuring which is expected to complete on or around the Listing Date, the individuals who currently hold Class B shares of APAC Realty 3 (including Mr. Foong Cheng Keong and Ms. Tan Boon Ngee) will, in exchange for the redemption and cancellation of their Class B shares of APAC Realty 3, directly hold Shares. Pursuant to the Restructuring, 1,503,555 Shares (which are currently held by APRH) are expected to be transferred to such individuals on or around the Listing Date.

Accordingly, APRH will directly hold 265,458,745 Shares (assuming the Over-allotment Option is not exercised), representing approximately 74.7% of our issued and paid-up share capital immediately after the completion of the Restructuring, the Offering and the issue of the Cornerstone Shares. APRH has given an undertaking to the Sole Issue Manager, Bookrunner and Underwriter that it will not, subject to the exceptions mentioned below, from the date of the undertaking to the date falling six months commencing from the Listing Date (both dates inclusive) (the “**Lock-up Period**”), directly or indirectly, without the prior written consent of the Sole Issue Manager, Bookrunner and Underwriter, offer, sell, transfer or otherwise dispose of any part of its shareholding interest in our Company.

PGA Realty holds 100.0% of the Class A voting shares of APRH (the “**PGA Lock-up Shares**”), and as described above APRH will in turn directly hold 265,458,745 Shares (assuming the Over-allotment Option is not exercised), representing approximately 74.7% of our issued and paid-up share capital immediately after the completion of the Restructuring, the Offering and the issue of the Cornerstone Shares. Accordingly, PGA Realty will have a deemed interest of approximately 74.7% of our issued and paid-up share capital immediately after the completion of the Restructuring, the Offering and the issue of the Cornerstone Shares (assuming the Over-allotment Option is not exercised) and has given an undertaking to the Sole Issue Manager, Bookrunner and Underwriter that it will not, subject to the exceptions mentioned below, during the Lock-up Period, directly or indirectly, without the prior written consent of the Sole Issue Manager, Bookrunner and Underwriter, (a) reduce its effective shareholding interest in our Company below the level of such effective interest as at the Listing Date; or (b) offer, sell, transfer or otherwise dispose of any part of the PGA Lock-up Shares.

Mr. Tan Choon Hong holds 100.0% of the issued share capital of PGA Realty (the “**TCH Lock-up Shares**”), which in turn holds 100.0% of the Class A voting shares of APRH. As described above, APRH will directly hold 265,458,745 Shares (assuming the Over-allotment Option is not exercised), representing approximately 74.7% of our issued and paid-up share capital immediately after the completion of the Restructuring, the Offering and the issue of the Cornerstone Shares. Accordingly, Mr. Tan Choon Hong will have a deemed interest of approximately 74.7% of our issued and paid-up share capital immediately after the completion of the Restructuring, the Offering and the issue of the Cornerstone Shares (assuming the Over-allotment Option is not exercised) and has given an undertaking to the Sole Issue Manager, Bookrunner and Underwriter that he will not, subject to the exceptions mentioned below, during the Lock-up Period, directly or indirectly, without the prior written consent of the Sole Issue Manager, Bookrunner and Underwriter, (a) reduce his effective shareholding interest in our Company below the level of such effective shareholding interest as at the Listing Date; or (b) offer, sell, transfer or otherwise dispose of any part of the TCH Lock-up Shares.

Mr. Foong Cheng Keong is expected to be receiving 51,847 Shares on or around the Listing Date pursuant to the Restructuring and accordingly, will directly hold 51,847 Shares, representing

approximately 0.01% of our issued and paid-up share capital immediately after the completion of the Restructuring, the Offering and the issue of the Cornerstone Shares. He has given an undertaking to the Sole Issue Manager, Bookrunner and Underwriter that he will not, during the Lock-up Period, directly or indirectly, offer, sell, transfer or otherwise dispose of any part of his shareholding interest in our Company.

Ms. Tan Boon Ngee is expected to be receiving 51,847 Shares on or around the Listing Date pursuant to the Restructuring and accordingly, will directly hold 51,847 Shares, representing approximately 0.01% of our issued and paid-up share capital immediately after the completion of the Restructuring, the Offering and the issue of the Cornerstone Shares. She has given an undertaking to the Sole Issue Manager, Bookrunner and Underwriter that she will not, during the Lock-up Period, directly or indirectly, offer, sell, transfer or otherwise dispose of any part of her shareholding interest in our Company.

Such shares which are subject to the undertakings given by APRH, PGA Realty, Mr. Tan Choon Hong, Mr. Foong Cheng Keong and Ms. Tan Boon Ngee as described above shall be referred to as the **“Relevant Shares”**.

In addition, each of APRH, PGA Realty, Mr. Tan Choon Hong, Mr. Foong Cheng Keong and Ms. Tan Boon Ngee has agreed that it, he or she, as the case may be, will not, for the Lock-up Period, directly or indirectly, without the prior written consent of the Sole Issue Manager, Bookrunner and Underwriter:

- (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise transfer or dispose of any of its, his or her Relevant Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of its, his or her Relevant Shares;
- (b) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of its, his or her Relevant Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of its, his or her Relevant Shares;
- (c) deposit any of its, his or her Relevant Shares or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase any of its, his or her Relevant Shares in any depository receipt facilities (other than in a CDP designated moratorium account for the purposes of complying with its, his or her obligations under the relevant letter agreement), whether any such transaction described above is to be settled by delivery of its, his or her Relevant Shares or such other securities, in cash or otherwise;
- (d) enter into any transaction which is designed or which may reasonably be expected to result in any of the above; or
- (e) announce or publicly disclose any intention to do any of the above.

In respect of the undertakings given by APRH, PGA Realty and Mr. Tan Choon Hong, the foregoing restrictions:

- (i) do not apply to (A) the Vendor Shares to be sold by APRH and (B) the transfer of Shares by APRH pursuant to the Share Lending Agreement, provided that these restrictions will apply to the Shares returned to APRH pursuant to the Share Lending Agreement; and
- (ii) do not prohibit APRH, PGA Realty and Mr. Tan Choon Hong from being able to create a charge over its or his Relevant Shares or otherwise grant security over or create any encumbrance over its or his Relevant Shares, provided that any such charge, security or encumbrance shall not be enforced over any of its or his Relevant Shares during the Lock-up Period. The charge, security or encumbrance will only be created if the chargee (such as a bank or financial institution) agrees that the charge, security or encumbrance over such Relevant Shares cannot be enforced over any of such Relevant Shares during the Lock-up Period.



## **NO EXISTING PUBLIC MARKET**

Prior to the Offering, there had been no trading market for the Shares. The Offering Price was determined after a book-building process and agreed among our Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter. Among the factors considered in determining the Offering Price of the Offering Shares were the prevailing market conditions, current market valuations of publicly traded companies that our Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter believe to be reasonably comparable to our Group, an assessment of our Group's recent historical performance, estimates of our Group's business potential and earnings prospects, the current state of our Group's development and the current state of the industry and the economy as a whole.

## **SELLING AND TRANSFER RESTRICTIONS**

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Offering Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.

No action has been or will be taken under the requirements of the legal or regulatory requirements of the United States or any other jurisdiction, except for the lodgement and registration of this Prospectus in Singapore in order to permit a public offering of the Offering Shares and the public distribution of this Prospectus in Singapore. The distribution of this Prospectus and the offering of the Offering Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required by us, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter.

Persons to whom a copy of this Prospectus has been issued shall not circulate to any other persons, reproduce or otherwise distribute this Prospectus or any information contained herein for any purpose whatsoever nor permit or cause the same to occur.

### **United States of America**

The Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and they may not be offered or sold within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

In addition, until the expiration of 40 days after the Shares were bona fide offered to the public, an offer or sale of the Shares offered within the United States by a dealer, whether or not participating in the Offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act. Shares sold pursuant to Regulation S may not be offered or resold within the United States, except under an exemption from the registration requirements of the Securities Act or under a registration statement declared effective under the Securities Act.

### **Hong Kong**

Please be warned that the content of this document has not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offering. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The Offering Shares have not been, may not be, and will not be, offered or sold in Hong Kong, or offered or directed for sale from outside Hong Kong to any person in Hong Kong, by means of this Offering Memorandum or any document other than: (i) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made thereunder (including, but not limited to the Securities and Futures (Professional Investor) Rules (Chapter 571D of the Laws of Hong Kong)), and / or (ii) in other circumstances which do not result in this Offering Memorandum or the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), or which do not constitute an offer to the public within the meaning of that ordinance. No advertisement,

invitation or document relating to the Offering Shares has been issued or may be issued, or may be in the possession of any person, for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Offering Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made thereunder (including but not limited to the Securities and Futures (Professional Investor) Rules (Chapter 571D of the Laws of Hong Kong)). This document and the information contained herein may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong.

The Offering is not an offer for sale to the public in Hong Kong and it is not our intention that the Offering Shares be offered for sale to the public in Hong Kong.

## **Malaysia**

No prospectus or other offering material or document in connection with the Offering of the Offering Shares has been or will be registered with the Securities Commission of Malaysia (“**Commission**”) pursuant to the Capital Markets and Services Act, 2007 (“**CMSA**”). Accordingly, this Prospectus and any other material or document in connection with the offer or sale, or invitation for subscription or purchase, of the Offering Shares may not be circulated or distributed, nor may the Offering Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed-end fund approved by the Commission, (ii) a holder of a Capital Markets Services Licence granted under Section 61 of the CMSA, (iii) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds Ringgit Malaysia Three Million (RM3,000,000) (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual, (iv) an individual who has a gross annual income exceeding Ringgit Malaysia Three Hundred Thousand (RM300,000) (or its equivalent in foreign currencies), per annum in the preceding twelve (12) months, (v) an individual who, jointly with his or her spouse, has a gross annual income of Ringgit Malaysia Four Hundred Thousand (RM400,000) (or its equivalent in foreign currencies), per annum in preceding twelve (12) months, (vi) a corporation with total net assets exceeding Ringgit Malaysia Ten Million (RM10,000,000) (or its equivalent in foreign currencies), based on the last audited accounts, (vii) a partnership with total net assets exceeding Ringgit Malaysia Ten Million (RM10,000,000) (or its equivalent in foreign currencies), (viii) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act, 2010, (ix) an Islamic bank licensee as defined in the Labuan Financial Services and Securities Act, 2010, and (x) any other person as may be specified by the Commission, provided that, in each of the preceding categories (i) to (x), the distribution of the Offering Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities.

## **Indonesia**

The Offering does not constitute a public offering by our Company, the Vendor and/or the Sole Issue Manager, Bookrunner and Underwriter in Indonesia pursuant to Indonesian capital market laws and regulations. No offer of Offering Shares is being made to Indonesian persons under this Prospectus, except through a private placement in Indonesia. The Offering is not made through the public media in Indonesia and the Offering Shares are not offered to more than 100 persons in Indonesia or sold to more than 50 persons in Indonesia.

## **Transfer Restrictions**

*Due to the following restrictions, investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of Shares offered and sold in reliance on Regulation S under the Securities Act.*

Each person who subscribes for and/or purchases the Shares in offshore transactions in reliance on Regulation S under the Securities Act will be deemed to have acknowledged, represented to and agreed with us, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter as follows (terms used herein that are defined in Regulation S under the Securities Act are as defined therein):

- (a) it acknowledges (or if it is a broker-dealer, its customer has confirmed to it that such customer acknowledges) that such Shares have not been and will not be registered under the Securities Act or under any securities laws of any state of the United States;



- (b) it certifies that either (A) it is, or at the time such Shares are purchased will be, the beneficial owner of such Shares, and (i) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S under the Securities Act) and (ii) it is not our affiliate or a person acting on behalf of such an affiliate, or (B) it is a broker-dealer acting on behalf of its customer, and its customer has confirmed to it that (i) such customer is, or at the time such Shares are purchased will be, the beneficial owner of such Shares, (ii) such customer is not a U.S. person and it is located outside the United States (within the meaning of Regulation S under the Securities Act) and (iii) such customer is not our affiliate or a person acting on behalf of such an affiliate; and
- (c) it agrees (or if it is a broker-dealer, its customer has confirmed to it that such customer agrees) that it (or such customer) will not offer, sell, pledge or otherwise transfer such Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S and in accordance with all applicable securities laws of the states of the United States.

Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the above-stated restrictions shall not be recognised by us.

In addition, each prospective purchaser of the Offering Shares, by its acceptance thereof, will be deemed to have acknowledged that we, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any person representing us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter will rely upon the truth and accuracy of the acknowledgments, representations and agreements contained under this section of the Prospectus and agrees that, if any of the acknowledgments, representations or agreements deemed to have been made by it through its purchase of the Offering Shares are no longer accurate, it shall promptly notify us, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter, and if it is acquiring any of the Offering Shares as fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

## **OTHER RELATIONSHIPS**

As described in “*Interested Person Transactions and Potential Conflicts of Interest – Past Transactions – Provision of Share Charge by APRH*”, APRH, which was the holding company of our Company at the relevant time, provided a Share Charge in connection with a loan facility provided by RHB Bank to our Company.

The Sole Issue Manager, Bookrunner and Underwriter engages in transactions with and performs services for us, the Vendor and affiliates of the Vendor in the ordinary course of business and have engaged, and may in the future engage, in commercial banking and/or investment banking transactions with our Group, the Vendor and affiliates of the Vendor for which it has received, and may in future, receive customary fees. The Sole Issue Manager, Bookrunner and Underwriter is also our Principal Banker and Receiving Bank.

Save as disclosed above, our Company and the Vendor do not have any material relationship with the Sole Issue Manager, Bookrunner and Underwriter.

## CLEARANCE AND SETTLEMENT

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of the Shares on the Mainboard of the SGX-ST. For the purpose of trading on the SGX-ST, a board lot of the Shares will comprise 100 Shares. Upon listing and quotation on the SGX-ST, the Shares will be traded under the book-entry (scripless) settlement system of CDP, and all dealings in and transactions of the Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended from time to time.

CDP, a wholly-owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book-entry changes in the Securities Accounts maintained by such account holders with CDP.

The Shares will be registered in the name of CDP or its nominees and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct securities account holders and Depository Agents in the Depository Register maintained by CDP, rather than CDP itself, will be treated, under the laws of Singapore and our Constitution, as members of our Company in respect of the number of the Shares credited to their respective Securities Accounts.

Persons holding the Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be prima facie evidence of title and may be transferred in accordance with our Constitution. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 or such other amount as our Directors may decide, is payable to the Share Registrar for each share certificate issued, and stamp duty of S\$10.00 is also payable where the Shares are withdrawn in the name of the person withdrawing the Shares or S\$0.20 per S\$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with CDP their share certificates together with the duly executed and (where necessary) stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00, subject to GST at the prevailing rate (currently 7.0%), is payable upon the deposit of each instrument of transfer with CDP. The above fee may be subject to such changes as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time. Pursuant to announced rules effective from 1 June 2014, transfers and settlements pursuant to on-exchange trades will be charged a fee of S\$30.00 and transfers and settlements pursuant to off-exchange trades will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S\$75.00.

Transactions in the Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for transfer of the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in the Shares on the SGX-ST is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee that CDP may charge may be subject to GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

Dealings of the Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

## **LEGAL MATTERS**

Certain legal matters in connection with the Offering will be passed upon for our Company by Allen & Gledhill LLP with respect to matters of Singapore law.

Certain legal matters in connection with the Offering will be passed upon for the Sole Issue Manager, Bookrunner and Underwriter by WongPartnership LLP with respect to matters of Singapore law.

Certain legal matters in connection with the Offering will be passed upon for the Vendor by Allen & Overy LLP with respect to matters of Singapore law.

Each of Allen & Gledhill LLP, WongPartnership LLP and Allen & Overy LLP does not make, or purports to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and each of them makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this Prospectus.

## INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS

Ernst & Young LLP, Public Accounts and Chartered Accountants, Singapore, the Independent Auditors and Reporting Accountants for the purpose of complying with the SFA only, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of:

- (i) its name and all references thereto;
- (ii) its report dated 21 September 2017 titled “Independent Auditor’s Report for the Financial Years ended 31 December 2014, 2015 and 2016”; and
- (iii) its report dated 21 September 2017 titled “Independent Auditor’s Review Report for the Three-Month Period ended 31 March 2017”,

in the form and context in which they are included in this Prospectus and to act in such capacity in relation to this Prospectus. The above-mentioned reports were prepared for the purpose of incorporation in this Prospectus.

With respect to the unaudited interim consolidated financial statements for 1Q2017 included in this Prospectus, the Independent Auditors and Reporting Accountants have reported that they applied limited procedures in accordance with the professional standards for a review of such information. However, their separate report as set out in Appendix B of this Prospectus states that they did not audit and they do not express an opinion on the interim financial statements. Accordingly, the degree of reliance on their reports on such information should be restricted in the light of the limited nature of the procedures applied.

## EXPERTS

Cushman & Wakefield (S) Pte Ltd, the Independent Market Research Consultant, was responsible for preparing the report “Independent Market Report on the Residential Real Estate Brokerage Sector” as set out in Appendix C of this Prospectus and has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name and its write-ups, statements and reports in the form and context in which they appear in this Prospectus, and to act in such capacity in relation to this Prospectus. The above-mentioned write-ups, statements and reports were prepared for the purpose of incorporation in this Prospectus.

None of the experts named in this document:

- is employed on a contingent basis by our Company or any member of our Group;
- has a material interest, whether direct or indirect, in the Shares or the shares or equity interests of any member of our Group; or
- has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Offering.

## GENERAL AND STATUTORY INFORMATION

### RESPONSIBILITY STATEMENT

1. Our Directors and the Vendor collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Offering, our Company, our Group, and our Directors and the Vendor are not aware of any facts the omission of which would make any statement in this Prospectus misleading. Where information in this Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors and the Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

### MATERIAL BACKGROUND INFORMATION

2. As at the date of this Prospectus, none of our Directors, Executive Officers and Controlling Shareholders has:
  - (a) at any time during the last ten years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time he was a partner or at any time within two years from the date he ceased to be a partner;
  - (b) at any time during the last ten years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity or, where the entity is the trustee of a business trust, that business trust, on the ground of insolvency;
  - (c) any unsatisfied judgment against him;
  - (d) ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
  - (e) ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
  - (f) at any time during the last ten years, had judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
  - (g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
  - (h) ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
  - (i) ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;



- (j) ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
  - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
  - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
  - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
  - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and
- (k) been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the MAS or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

### **MATERIAL CONTRACTS**

3. The material contracts entered into by our Group within the two years preceding the date of lodgement of this Prospectus (not being contracts entered into in the ordinary course of the business of our Group) with the MAS, are as follows:
  - (a) the Cornerstone Subscription Agreements relating to the subscription of the Cornerstone Shares by the Cornerstone Investors described in *"Share Capital and Shareholders – Information on the Cornerstone Investors"*;
  - (b) the service agreement entered into with Mr. Jack Chua described in *"Management – Service Agreement"*;
  - (c) the Sales Consulting Addendum described in *"Business – Our Services – Franchise Arrangements"*;
  - (d) the ERA Realty Membership Agreement described in *"Business – Our Services – Franchise Arrangements"*;
  - (e) the ERA Amendment described in *"Business – Our Services – Franchise Arrangements"*;
  - (f) the Coldwell Banker Singapore Amendment described in *"Business – Our Services – Franchise Arrangements"*; and
  - (g) the MFA Consent Undertakings described in *"Business – Our Services – Franchise Arrangements"*.

### **MISCELLANEOUS**

4. There have been no public take-over offers by third parties in respect of the Shares or by our Company in respect of another corporation's shares or units of a business trust which have occurred between the beginning of FY2016 and the Latest Practicable Date.
5. Save as disclosed in this Prospectus, our Directors are not aware of any event which has occurred since 31 March 2017 and up to the Latest Practicable Date, which may have a material effect on the financial position and results of our Group.
6. Except for the Over-allotment Option, as at the Latest Practicable Date, no person has been, or has the right to be, given an option to subscribe for any of the Shares or any of the shares of our subsidiaries.

## CONSENTS

7. DBS Bank Ltd., named as the Sole Issue Manager, Bookrunner and Underwriter, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name and all references thereto in the form and context in which they are included in this Prospectus and to act in such capacity in relation to this Prospectus.

## DOCUMENTS AVAILABLE FOR INSPECTION

8. The following documents or copies thereof may be inspected at the registered office of our Company at 229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007 during normal business hours for a period of six months from the date of registration by the MAS of this Prospectus:
  - (a) the Constitution;
  - (b) the material contracts referred to in “– *Material Contracts*”;
  - (c) the Independent Market Research Consultant’s report appearing in Appendix C;
  - (d) the report dated 21 September 2017 titled “Independent Auditor’s Report for the Financial Years ended 31 December 2014, 2015 and 2016” as set out in Appendix A;
  - (e) the report dated 21 September 2017 titled “Independent Auditor’s Review Report for the Three-Month Period ended 31 March 2017” as set out in Appendix B;
  - (f) the audited financial statements (including all notes, reports or information relating thereto which are required to be prepared under the Companies Act, where applicable) of our Company for FY2014, FY2015 and FY2016; and
  - (g) the written consents of the Sole Issue Manager, Bookrunner and Underwriter, the Independent Auditors and Reporting Accountants and the Independent Market Research Consultant.

## DEFINED TERMS AND ABBREVIATIONS

### GROUP COMPANIES

Coldwell Banker Singapore .....	Coldwell Banker Real Estate (S) Pte Ltd.
ERA Realty .....	ERA Realty Network Pte Ltd.
ERA Singapore .....	ERA Singapore Pte Ltd.
RIA .....	Realty International Associates Pte Ltd.

### OTHER CORPORATIONS AND AGENCIES

APRH or the Vendor .....	Asia Pacific Realty Holdings Ltd.
CDP .....	The Central Depository (Pte) Limited.
CEA .....	The Council for Estate Agencies.
CPF .....	The Central Provident Fund.
ERA .....	ERA Franchise Systems, Inc., and including its predecessor(s)-in-interest and successor(s)-in-interest, as the context may require.
HDB .....	The Housing Development Board.
Hersing .....	Hersing Corporation Pte. Ltd. (formerly known as Hersing Corporation Ltd).
Independent Market Research Consultant or Cushman & Wakefield .....	Cushman & Wakefield (S) Pte Ltd.
IRAS .....	Inland Revenue Authority of Singapore.
MAS .....	The Monetary Authority of Singapore.
PGA Realty .....	PGA Realty Partners Ltd.
Realogy .....	Realogy Group LLC, and including its predecessor(s)-in-interest, as the context may require.
RHB Bank .....	RHB Bank Berhad, Singapore Branch.
SGX-ST .....	Singapore Exchange Securities Trading Limited.
Sole Issue Manager, Bookrunner and Underwriter .....	DBS Bank Ltd.
Stabilising Manager .....	DBS Bank Ltd.

### GENERAL

1H .....	Six months ended 30 June.
1Q .....	Three months ended 31 March.
2H .....	Six months ended 31 December.

Additional Shares .....	An aggregate of 9,750,000 Shares that the Stabilising Manager may, pursuant to the Over-allotment Option, purchase from the Vendor.
Application Forms .....	The printed application forms to be used for the purpose of the Offering and which form part of this Prospectus.
associate .....	Has the meaning ascribed to it in the SFR.
associated entity .....	Has the meaning ascribed to it in the SFR.
ATM .....	Automated teller machines of a Participating Bank.
Audit Committee .....	The audit committee of our Company.
Board .....	Our Company's board of directors as at the date of this Prospectus, unless otherwise stated.
CAGR .....	Compound annual growth rate.
Closing Date .....	The closing date of the Offering.
Coldwell Banker Singapore Amendment .....	The amendment agreement dated 6 September 2017 which amends the Coldwell Banker International Subfranchise Agreement for Singapore.
Coldwell Banker MFA .....	The Coldwell Banker International Subfranchise Agreement for Singapore dated 16 October 1998 (together with (a) the deed of assignment of rights and delegation of duties pursuant to which Hersing assigned all of its rights, title and interest and delegated all its duties and obligations under the agreement to our Company and our acceptance of the assignment of rights and delegation of duties, each dated 11 October 2013 and (b) the Coldwell Banker Singapore Amendment).
Companies Act.....	Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
Company .....	APAC Realty Limited.
Constitution.....	The constitution of our Company.
Cornerstone Investors.....	FIL Investment Management (Hong Kong) Limited, Qilin Asset Management Pte. Ltd., Asdew Acquisitions Pte Ltd and Azure Capital Pte Ltd.
Cornerstone Shares .....	The 39,321,200 Shares which are to be issued pursuant to the Cornerstone Subscription Agreements.
Cornerstone Subscription Agreements .....	The cornerstone subscription agreements dated 12 September 2017 entered into between our Company and the Cornerstone Investors.
CPD .....	Continuing professional development.

Directors .....	The directors of our Company as at the date of this Prospectus, unless otherwise stated.
Electronic Applications .....	Applications for the Public Offer Shares made through an ATM, the internet banking website of the relevant Participating Banks or the mobile banking interface of DBS Bank Ltd. in accordance with the terms and conditions of this Prospectus.
ERA Amendment .....	The amendment agreement dated 6 September 2017 which amends the ERA Regional Master Franchise Agreement for Asia Pacific.
ERA Marks .....	The trade names, trademarks and servicemarks, whether in English or any other language, including the name “ERA” which have been or will be registered in the Territories, or for which registration has been or will be applied in the Territories, together with the other slogans, logos or other indicia of the ERA System (“ <b>US Registrations</b> ”) which have not been registered in the Territories, to the extent such US Registrations do not infringe the rights of third parties in the Territories, together with marks which may be developed, registered or used in the future for the ERA System.
ERA Membership Agreement .....	The Membership Agreement (an ERA franchise agreement) pursuant to which a Member Broker is appointed as an ERA Member Broker.
ERA Realty Membership Agreement .....	The ERA Membership Agreement pursuant to which ERA Realty is appointed as an ERA Member Broker.
ERA System .....	The proprietary plan for the sublicense of franchises to real estate brokers developed by ERA Franchise Systems, Inc., policies, procedures, merchandising techniques, manuals, forms, advertising and marketing programs, control and other systems together with certain “ERA” marks.
Eugene Lim .....	Mr. Lim Tong Weng, our Key Executive Officer.
Executive Directors .....	The executive Directors of our Company as at the date of this Prospectus, unless otherwise stated.
Executive Officers .....	The executive officers of our Company as at the date of this Prospectus, unless otherwise stated.
FY .....	Financial year ended or, as the case may be, ending 31 December.
GLS .....	Government Land Sales
Group .....	Our Company together with our subsidiaries.
Indebtedness .....	Unless otherwise defined, for the purposes of this Prospectus, indebtedness comprises only bank loans and borrowings.

Independent Directors .....	The independent Directors of our Company as at the date of this Prospectus, unless otherwise stated.
Independent Market Research Report .....	The Independent Market Report on the Residential Real Estate Brokerage Sector dated 14 September 2017 prepared by the Independent Market Research Consultant set out in Appendix C.
IT .....	Information technology.
Jack Chua .....	Mr. Chua Khee Hak, our Executive Director and Chief Executive Officer.
KEO .....	Key executive officer.
Latest Practicable Date .....	4 September 2017 being the latest practicable date prior to the lodgement of this Prospectus with the MAS.
Listing .....	The listing of the Shares on the Mainboard of the SGX-ST.
Listing Date .....	The date of commencement of dealing in the Shares on the SGX-ST.
Listing Manual .....	Listing Manual of the SGX-ST.
Market Day .....	A day on which the SGX-ST is open for trading in securities.
NAV .....	Net asset value.
New Shares .....	Comprising 4,796,500 Shares to be issued by our Company in the Offering.
Nominating Committee .....	The nominating committee of our Company.
Non-Executive Directors .....	The non-executive Directors of our Company as at the date of this Prospectus, unless otherwise stated.
Offering .....	The Placement and the Public Offering.
Offering Price .....	S\$0.66 for each Offering Share.
Offering Shares .....	48,914,200 Shares offered by our Company in the Offering.
Over-allotment Option .....	The over-allotment option granted by APRH to the Sole Issue Manager, Bookrunner and Underwriter, as described in “ <i>Plan of Distribution – Over-allotment Option</i> ”.
Participating Banks .....	DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited.
per cent. or % .....	Per centum or percentage.



Placement .....	The international placement of Offering Shares to investors, including institutional and other investors in Singapore.
Placement Shares .....	The 44,503,200 Offering Shares which are the subject of the Placement.
Public Offer Shares .....	The 4,411,000 Offering Shares which are the subject of the Public Offering.
Public Offering .....	An offering of Offering Shares by way of a public offer in Singapore.
Regional MFA .....	The ERA Regional Master Franchise Agreement for Asia Pacific dated 19 November 1999 (together with (a) the deed of assignment of rights and delegation of duties pursuant to which Hersing assigned all of its rights, title and interest and delegated all its duties and obligations under the agreement to our Company and our acceptance of the assignment of rights and delegation of duties, each dated 11 October 2013 and (b) the ERA Amendment).
Regulation S .....	Regulation S under the Securities Act, as amended, modified and supplemented from time to time.
Remuneration Committee .....	The remuneration committee of our Company.
Restructuring .....	The restructuring described in “ <i>Share Capital and Shareholders – Current Shareholders and Vendor</i> ”, which is expected to complete on or around the Listing Date, pursuant to which the individuals who currently hold Class B shares of APAC Realty 3 will, in exchange for the redemption and cancellation of their Class B shares of APAC Realty 3, directly hold Shares.
Securities Account .....	Securities account maintained by a Depositor with CDP.
Securities Act .....	The United States Securities Act of 1933, as amended.
SFA .....	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
Share Lending Agreement .....	The share lending agreement made between APRH and DBS Bank Ltd. dated 21 September 2017.
SFR .....	Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, as amended or modified from time to time.
Share Split .....	The sub-division of the 70,700,000 Shares into 311,080,000 Shares, which was effected on 5 September 2017.

Shareholders .....	Registered holders of the Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares.
Shares .....	Ordinary shares in the capital of our Company.
Singapore MFA .....	The Assigned Master Franchise Agreement for Singapore dated 20 July 1990 entered into by ERA Singapore, as further assigned and amended.
Singapore Take-Over Code .....	Singapore Code on Take-Overs and Mergers, as amended or modified from time to time.
subsidiary .....	Has the meaning ascribed to it in the Companies Act.
subsidiary entity .....	Has the meaning ascribed to it in the SFR.
Territories .....	The countries covered under the Regional MFA, being Australia, Brunei, Cambodia, China (including Hong Kong and Macau), Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, Korea, the Philippines, Papua New Guinea, Singapore, Taiwan, Thailand and Vietnam.
Underwriting Agreement. ....	The underwriting agreement made between our Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter dated 21 September 2017 in relation to the Offering.
United States or U.S. ....	The United States of America.
Vendor Shares .....	Comprising 44,117,700 Shares offered by the Vendor in the Offering.

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The expressions “associate”, “associated company”, “associated entity”, “Controlling Shareholder”, “related corporation”, “subsidiary” and “subsidiary entity” shall have the meanings ascribed to them in the Fourth Schedule of the SFR, save that in the sections “*Interested Person Transactions and Potential Conflicts of Interests*” and “*Management – Committees of Our Board*”, such terms, if used, shall have the meanings ascribed to them in the Listing Manual and/or the SFR as the context so requires. The expression “Substantial Shareholder” shall have the meaning ascribed to it in the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

Any reference in this Prospectus to any legislation or enactment refers to the legislation or enactment as amended or re-enacted unless the context otherwise requires.

## APPENDIX A

### INDEPENDENT AUDITOR'S REPORT FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

#### APAC Realty Limited and its subsidiaries

#### Independent auditor's report

**For the financial years ended 31 December 2014, 2015 and 2016**

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*This Report included in this Preliminary Prospectus is subject to further amendments and completion as information contained in the Preliminary Prospectus is subject to further amendments and completion.*

The Board of Directors  
APAC Realty Limited  
229 Mountbatten Road  
#03-01 Mountbatten Square  
Singapore 398007

Dear Sirs,

#### **Report on the Consolidated Financial Statements**

We have audited the consolidated financial statements of APAC Realty Limited (the "Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated balance sheets of the Group as at 31 December 2014, 2015 and 2016, and the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flow for each of the financial years ended 31 December 2014, 2015 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies, as set out on pages A-4 to A-48.

In our opinion, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with the Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2014, 2015 and 2016, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for each of the financial years ended 31 December 2014, 2015 and 2016.

#### **Basis for opinion**

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Directors for the Consolidated Financial Statements**

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)**

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Restriction on Distribution and Use**

This report is made solely to you as a body and for the inclusion in the prospectus to be issued in relation to the proposed offering of the shares of the Company in connection with the Company's listing on the Singapore Exchange Securities Trading Limited.

Ernst & Young LLP

Public Accountants and  
Chartered Accountants  
Singapore

Partner-in-charge: Alvin Phua Chun Yen

21 September 2017

**APAC Realty Limited and its subsidiaries**

**Consolidated Balance Sheets  
As at 31 December 2014, 2015 and 2016**

	<b>Note</b>	<b>2014</b> \$	<b>2015</b> \$	<b>2016</b> \$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment	4	1,075,022	2,142,196	1,436,026
Intangible assets	5	103,184,971	102,252,571	101,320,171
Fixed deposits	6	100,000	400,000	400,000
		104,359,993	104,794,767	103,156,197
<b>Current assets</b>				
Trade receivables	7	25,811,069	33,603,380	47,807,876
Other receivables	7	1,463,302	1,079,833	1,332,593
Amount due from a related party	7	—	15,892	23,892
Prepaid operating expenses		347,169	939,853	270,479
Cash and bank balances	8	18,195,844	14,216,069	17,747,320
		45,817,384	49,855,027	67,182,160
<b>Total assets</b>		150,177,377	154,649,794	170,338,357
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables and accruals	9	35,049,732	38,994,505	55,643,305
Other payables	9	3,995,454	5,443,139	6,966,711
Deferred income	10	1,358,225	1,695,608	1,727,593
Loan and borrowing	11	500,000	6,000,000	6,000,000
Provision for taxation		4,162,990	3,382,452	4,451,234
		45,066,401	55,515,704	74,788,843
<b>Net current assets/(liabilities)</b>		750,983	(5,660,677)	(7,606,683)
<b>Non-current liabilities</b>				
Loan and borrowing	11	20,500,000	31,000,000	12,000,000
Deferred taxation	12	5,113,000	5,138,000	4,672,000
<b>Net assets</b>		79,497,976	62,996,090	78,877,514
<b>Equity attributable to owner of the Company</b>				
Share capital	13	70,700,000	70,700,000	70,700,000
Foreign currency translation reserve		(12,684)	(259)	(897)
Accumulated profits/(losses)		8,810,660	(7,703,651)	8,178,411
<b>Total equity</b>		79,497,976	62,996,090	78,877,514

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



**APAC Realty Limited and its subsidiaries**

**Consolidated Income Statements**

**For the financial years ended 31 December 2014, 2015 and 2016**

	<b>Note</b>	<b>2014</b> \$	<b>2015</b> \$	<b>2016</b> \$
<b>Revenue</b>				
Real estate brokerage fees and related services		213,273,803	229,528,957	284,368,214
Other revenue	14	4,917,213	3,057,235	3,381,076
<b>Total revenue</b>		<b>218,191,016</b>	<b>232,586,192</b>	<b>287,749,290</b>
<b>Costs and expenses</b>				
Cost of services		183,362,997	201,331,399	247,893,584
Personnel cost	16	8,657,444	9,665,578	10,806,988
Marketing and promotion expenses		707,733	884,194	1,252,193
Depreciation of plant and equipment	4	348,383	640,472	692,420
Amortisation of intangible assets	5	932,400	932,400	932,400
Impairment loss on goodwill	5	582,067	—	—
Allowance for doubtful debts provided/(written back)				
- trade	7	2,106,684	1,493,104	1,100,556
- non-trade	7	12,748	(7,088)	(5,392)
Other operating expenses	14	5,672,323	6,152,255	5,874,822
Finance costs	15	1,116,969	1,167,076	1,122,428
		<b>203,499,748</b>	<b>222,259,390</b>	<b>269,669,999</b>
<b>Profit before tax</b>		<b>14,691,268</b>	<b>10,326,802</b>	<b>18,079,291</b>
Income tax expense	17	(2,449,946)	(1,841,113)	(2,197,229)
<b>Profit for the year</b>		<b>12,241,322</b>	<b>8,485,689</b>	<b>15,882,062</b>
<b>Attributable to:</b>				
Owner of the Company		<b>12,241,322</b>	<b>8,485,689</b>	<b>15,882,062</b>
<b>Earnings per share attributable to owner of the Company (cents per share)</b>				
Basic and diluted	18	<b>17.31</b>	<b>12.00</b>	<b>22.46</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**APAC Realty Limited and its subsidiaries****Consolidated Statements of Comprehensive Income**  
**For financial years ended 31 December 2014, 2015 and 2016**

	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Profit for the year</b>	12,241,322	8,485,689	15,882,062
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	(4,832)	12,425	(638)
<b>Other comprehensive income for the year</b>	(4,832)	12,425	(638)
<b>Total comprehensive income for the year</b>	12,236,490	8,498,114	15,881,424
<b>Total comprehensive income attributable to:</b>			
Owner of the Company	12,236,490	8,498,114	15,881,424

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**APAC Realty Limited and its subsidiaries**

**Consolidated Statements of Changes in Equity**

**For the financial years ended 31 December 2014, 2015 and 2016**

Group	Attributable to owner of the Company				
	Share capital \$	Foreign currency translation reserve \$	Accumulated (losses)/profit \$	Total reserves \$	Total equity \$
<b>2014</b>					
Opening balance at 1 January 2014	70,700,000	(7,852)	(3,430,662)	(3,438,514)	67,261,486
Profit for the year	—	—	12,241,322	12,241,322	12,241,322
Other comprehensive income - Foreign currency translation	—	(4,832)	—	(4,832)	(4,832)
Total comprehensive income for the year	—	(4,832)	12,241,322	12,236,490	12,236,490
Closing balance at 31 December 2014	70,700,000	(12,684)	8,810,660	8,797,976	79,497,976

**APAC Realty Limited and its subsidiaries**

**Consolidated Statements of Changes in Equity**

**For the financial years ended 31 December 2014, 2015 and 2016**

Group	Attributable to owner of the Company				
	Share capital \$	Foreign currency translation reserve \$	Accumulated profit/(losses) \$	Total reserves \$	Total equity \$
<b>2015</b>					
Opening balance at 1 January 2015	70,700,000	(12,684)	8,810,660	8,797,976	79,497,976
Profit for the year	—	—	8,485,689	8,485,689	8,485,689
Other comprehensive income - Foreign currency translation	—	12,425	—	12,425	12,425
Total comprehensive income for the year	—	12,425	8,485,689	8,498,114	8,498,114
Contributions by and distributions to owner					
Dividend paid (Note 19)	—	—	(25,000,000)	(25,000,000)	(25,000,000)
Closing balance at 31 December 2015	70,700,000	(259)	(7,703,651)	(7,703,910)	62,996,090

**APAC Realty Limited and its subsidiaries**

**Consolidated Statements of Changes in Equity**  
**For the financial years ended 31 December 2014, 2015 and 2016**

Group	Attributable to owner of the Company				
	Share capital \$	Foreign currency translation reserve \$	Accumulated (losses)/profits \$	Total reserves \$	Total equity \$
<b>2016</b>					
Opening balance at 1 January 2016	70,700,000	(259)	(7,703,651)	(7,703,910)	62,996,090
Profit for the year	–	–	15,882,062	15,882,062	15,882,062
Other comprehensive income - Foreign currency translation	–	(638)	–	(638)	(638)
Total comprehensive income for the year	–	(638)	15,882,062	15,881,424	15,881,424
Closing balance at 31 December 2016	70,700,000	(897)	8,178,411	8,177,514	78,877,514

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**APAC Realty Limited and its subsidiaries**

**Consolidated Statement of Cash Flows**

**For the financial years ended 31 December 2014, 2015 and 2016**

	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Profit before tax	14,691,268	10,326,802	18,079,291
Adjustments for :			
Allowance for doubtful debts (trade and non-trade)	2,119,432	1,486,016	1,095,164
Bad debts recovered	—	—	(38,692)
Depreciation of plant and equipment	348,383	640,472	692,420
Write off of plant and equipment	718	88,124	154,174
Amortisation of intangible assets	932,400	932,400	932,400
Impairment loss on goodwill	582,067	—	—
Interest expense	1,116,969	1,167,076	1,122,428
Interest income	(12,718)	(14,989)	(24,811)
<b>Operating cash flows before working capital changes</b>	<b>19,778,519</b>	<b>14,625,901</b>	<b>22,012,374</b>
Changes in working capital			
Decrease/(increase) in trade and other receivables	2,512,225	(9,503,434)	(14,852,992)
(Decrease)/increase in trade and other payables	(1,439,205)	5,742,266	18,204,357
<b>Cash flows from operations</b>	<b>20,851,539</b>	<b>10,864,733</b>	<b>25,363,739</b>
Interest income received	12,718	14,989	24,811
Interest paid	(1,116,969)	(1,167,076)	(1,122,428)
Income taxes paid	(1,501,031)	(2,596,651)	(1,594,447)
<b>Net cash flows generated from operating activities</b>	<b>18,246,257</b>	<b>7,115,995</b>	<b>22,671,675</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	(765,333)	(1,795,770)	(140,424)
Decrease/(increase) in non-current fixed deposits	44,000	(300,000)	—
<b>Net cash flows used in investing activities</b>	<b>(721,333)</b>	<b>(2,095,770)</b>	<b>(140,424)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loan and borrowing	—	40,000,000	—
Repayment of loan and borrowing	(13,500,000)	(24,000,000)	(19,000,000)
Payment of dividends	—	(25,000,000)	—
<b>Net cash flows used in financing activities</b>	<b>(13,500,000)</b>	<b>(9,000,000)</b>	<b>(19,000,000)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,024,924</b>	<b>(3,979,775)</b>	<b>3,531,251</b>
<b>Net cash and cash equivalents at beginning of year</b>	<b>14,170,920</b>	<b>18,195,844</b>	<b>14,216,069</b>
<b>Net cash and cash equivalents at end of year</b>	<b>18,195,844</b>	<b>14,216,069</b>	<b>17,747,320</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



## APAC Realty Limited and its subsidiaries

### Notes to the Financial Statements

For the financial years ended 31 December 2014, 2015 and 2016

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#### 1. Corporate information

APAC Realty Pte. Ltd. (formerly known as Realty Partners Group Pte. Ltd.) (the “Company”) was a Singapore-domiciled business private limited company incorporated in Singapore on 15 July 2013. On 5 September 2017, the Company converted into a public company limited by shares and changed its name to APAC Realty Limited. The immediate holding company is Asia Pacific Realty Holdings Ltd. and the ultimate holding company is PGA Realty Partners Ltd. (BVI). Both companies are incorporated in Cayman Islands.

The registered office of the Company and its principal place of business is located at 229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007.

The principal activities of the Company are those relating to investment holding, owning and operating the master franchise rights relating to the “ERA Real Estate” brand for sale and licensing to sub-franchisees in the Asia Pacific Region. The principal activities of the subsidiaries are stated below.

Name	Principal activities	Place of business
ERA Realty Network Pte Ltd	Real estate brokerage & consultancy services, real estate training to real estate agents and sale of marketing materials.	Singapore
ERA Singapore Pte Ltd	Master franchisee of the “ERA Real Estate” franchise for the territory of Singapore to offer membership of the “ERA” franchise to housing agents.	Singapore
Realty International Associates Pte Ltd	Property management, valuation and consultancy services, conducting training courses, and the publication and distribution of real estate periodicals.	Singapore
Electronic Realty Associates Pte Ltd	Real estate brokerage and related services.	Singapore
Coldwell Banker Real Estate (S) Pte Ltd	Offers membership of the “Coldwell Banker” franchise to housing agents.	Singapore
Coldwell Banker Commercial Real Estate (S) Pte Ltd	Dormant	Singapore
ERA Real Estate Consulting (Shanghai) Co. Ltd	Inactive	Shanghai, China
ERA Realty Limited	Dormant	Hong Kong

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except as disclosed in accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$).

As at 31 December 2016, the Group's current liabilities exceeded its current assets by \$7,606,683 (2015: current liabilities exceeded its current assets by \$5,660,677, 2014: current assets exceeded its current liabilities by \$750,983). The financial statements have been prepared on a going concern basis as the directors are of the view that the Group will be able to generate sufficient cash from its operating activities to meet its liabilities as and when they fall due.

### 2.2 Changes in accounting policies

The accounting policies have been consistently applied by the Group except that the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2014, 2015 and 2016 respectively. The adoption of these standards did not have any effect on the financial performance or position of the Group.

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 7 <i>Disclosure Initiative</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 115 <i>Revenue from contracts with customers</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019

**2. Summary of significant accounting policies (cont'd)**

**2.3 *Standards issued but not yet effective (cont'd)***

Except for FRS 109 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 116 is described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

FRS 109 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. Upon application of the expected credit loss model, the Group expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

**2. Summary of significant accounting policies (cont'd)**

**2.4 Basis of consolidation and business combinations**

**(a) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

**(b) Business combinations**

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.7(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

**2. Summary of significant accounting policies (cont'd)**

**2.5 Foreign currency**

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

**(a) Transactions and balances**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

**(b) Consolidated financial statements**

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

**2. Summary of significant accounting policies (cont'd)**

**2.6 *Plant and equipment***

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computers	3 to 5 years
Furniture and fittings	5 years
Office equipment	5 years
Electrical installation and fittings	5 years
Renovation	5 years
Motor vehicles	7 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

**2.7 *Intangible assets***

**a) Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.



**2. Summary of significant accounting policies (cont'd)**

**2.7 Intangible assets (cont'd)**

**b) Other intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets comprise the ERA Regional Master franchise right for certain countries in the Asia Pacific region, ERA Subfranchise right in Singapore and Coldwell Banker franchise right in Singapore arising from a business combination in 2013. The useful lives of these intangible assets are finite. They are stated at cost and amortised on a straight line method over their estimated useful lives of 16, 37 and 15 years respectively, representing the remaining period of the franchise agreement in which the Group was granted the exclusive right of use of the franchise brand names. If the franchise agreement can be renewed, the useful life of the intangible asset include the renewal period only if there is evidence to support the renewal by the Group without significant cost. The amortisation period and the amortisation method are reviewed at least at each financial year end.

The amortisation expense on intangible assets is recognised in the profit or loss.

The carrying values of intangible assets are reviewed for impairment whenever there is an indication that the intangible asset may be impaired.

**2.8 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously.

**2. Summary of significant accounting policies (cont'd)**

**2.9 Subsidiaries**

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

**2.10 Financial instruments**

**a) Financial assets**

**Initial recognition and measurement**

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

**Subsequent measurement**

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

**De-recognition**

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

**2. Summary of significant accounting policies (cont'd)**

**2.10 Financial instruments (cont'd)**

**b) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of other financial liabilities, not at fair value through profit or loss, directly attributable transaction costs.

**Subsequent measurement**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

**De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**2.11 Impairment of financial assets**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

**2. Summary of significant accounting policies (cont'd)**

**2.11 *Impairment of financial assets (cont'd)***

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**2.12 *Cash and cash equivalents***

Cash and cash equivalents comprise of cash at bank and on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

**2.13 *Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.14 *Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**2. Summary of significant accounting policies (cont'd)**

**2.15 Employee benefits**

**(a) Defined contribution plan**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**(b) Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

**2.16 Leases**

**(a) As lessee**

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

**(b) As lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.17(c). Contingent rents are recognised as revenue in the period in which they are earned.

**2. Summary of significant accounting policies (cont'd)**

**2.17 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

**(a) Real estate brokerage fees and related services**

Revenue from real estate brokerage services, property valuation, property management, training and related services is recognised when these services have been rendered.

**(b) Interest income**

Interest income is recognised using the effective interest method.

**(c) Other revenue**

Rental income from properties, workstations, lockers and furniture are recognised on a straight line basis over the lease period.

Incentives, referral, professional indemnity insurance and administration fees income, business conference income and miscellaneous income, are recognised over the period to which the contract relates.

**2.18 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

*Government grant related to income*

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are deducted in reporting the related expenses.



**2. Summary of significant accounting policies (cont'd)**

**2.19 Taxes**

**(a) Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investment in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investment in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

**2. Summary of significant accounting policies (cont'd)**

**2.19 Taxes (cont'd)**

**(b) Deferred tax (cont'd)**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

**(c) Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**2.20 Share capital and share issue expenses**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### **3. Significant accounting judgements and estimates**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

#### **3.1 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

##### ***Impairment of intangible assets***

As disclosed in Note 5 to the financial statements, the recoverable amounts of the cash generating units which goodwill and franchise rights have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 5 to the financial statements.

##### ***Impairment of loans and receivables***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 7 to the financial statements.

#### **3.2 Judgement made in applying accounting policies**

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**APAC Realty Limited and its subsidiaries**

**Notes to the Financial Statements**

**For the financial years ended 31 December 2014, 2015 and 2016**

**4. Plant and equipment**

<b>Cost</b>	<b>Computers \$</b>	<b>Furniture and fittings \$</b>	<b>Office equipment \$</b>	<b>Electrical installation and fittings \$</b>	<b>Renovation \$</b>	<b>Motor vehicles \$</b>	<b>Total \$</b>
<b>At 1 January 2014</b>							
Additions	557,175	66,266	73,573	73,393	—	—	770,407
Write-off	127,347 (5,862)	370,669 —	59,968 —	158,402 —	48,947 —	—	765,333 (5,862)
<b>At 31 December 2014 and 1 January 2015</b>							
Additions	678,660	436,935	133,541	231,795	48,947	—	1,529,878
Write-off	121,935 (29,452)	1,370,491 (34,729)	159,628 (38,666)	121,916 (62,181)	—	21,800	1,795,770 (165,028)
<b>At 31 December 2015 and 1 January 2016</b>							
Additions	771,143	1,772,697	254,503	291,530	48,947	21,800	3,160,620
Write-off	46,994 (273,061)	39,640 (218,411)	52,224 (8,231)	1,566 (75,750)	— (29,474)	—	140,424 (604,927)
<b>At 31 December 2016</b>	<b>545,076</b>	<b>1,593,926</b>	<b>298,496</b>	<b>217,346</b>	<b>19,473</b>	<b>21,800</b>	<b>2,696,117</b>
<b>Accumulated depreciation</b>							
<b>At 1 January 2014</b>							
Charge for the year	62,723	20,552	9,917	18,425	—	—	111,617
Write-off	208,596 (5,144)	53,759 —	32,075 —	44,308 —	9,645 —	—	348,383 (5,144)
<b>At 31 December 2014 and 1 January 2015</b>							
Charge for the year	266,175	74,311	41,992	62,733	9,645	—	454,856
Write-off	231,662 (19,652)	302,827 (15,362)	44,263 (15,223)	49,595 (26,667)	9,789 —	2,336	640,472 (76,904)
<b>At 31 December 2015 and 1 January 2016</b>							
Charge for the year	478,185	361,776	71,032	85,661	19,434	2,336	1,018,424
Write-off	190,543 (252,449)	379,331 (132,906)	55,646 (5,779)	54,979 (42,925)	8,807 (16,694)	3,114	692,420 (450,753)
<b>At 31 December 2016</b>	<b>416,279</b>	<b>608,201</b>	<b>120,899</b>	<b>97,715</b>	<b>11,547</b>	<b>5,450</b>	<b>1,260,091</b>

APAC Realty Limited and its subsidiaries

Notes to the Financial Statements  
For the financial years ended 31 December 2014, 2015 and 2016

4. Plant and equipment (cont'd)

	Computers \$	Furniture and fittings \$	Office equipment \$	Electrical installation and fittings \$	Renovation \$	Motor vehicles \$	Total \$
<b>Net book value</b>							
At 31 December 2014	412,485	362,624	91,549	169,062	39,302	–	1,075,022
At 31 December 2015	292,958	1,410,921	183,471	205,869	29,513	19,464	2,142,196
At 31 December 2016	128,797	985,725	177,597	119,631	7,926	16,350	1,436,026

5. Intangible assets

	Goodwill \$	Franchise rights \$	Total \$
<b>Cost</b>			
At 1 January 2014, 31 December 2014, 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	75,575,538	29,473,000	105,048,538
<b>Accumulated amortisation and impairment</b>			
At 1 January 2014	–	349,100	349,100
Impairment loss for the year	582,067	–	582,067
Charge for the year	–	932,400	932,400
At 31 December 2014 and 1 January 2015	582,067	1,281,500	1,863,567
Charge for the year	–	932,400	932,400
At 31 December 2015 and 1 January 2016	582,067	2,213,900	2,795,967
Charge for the year	–	932,400	932,400
At 31 December 2016	582,067	3,146,300	3,728,367
<b>Net book value</b>			
At 31 December 2014	74,993,471	28,191,500	103,184,971
At 31 December 2015	74,993,471	27,259,100	102,252,571
At 31 December 2016	74,993,471	26,326,700	101,320,171

Franchise rights

Franchise rights is held for the exclusive right of use of the brand names being “ERA” and “Coldwell Banker”.

The Group acquired exclusive ERA Regional Master franchise right for certain countries in the Asia Pacific region for an initial term of 30 years from 19 November 1999, which expires in 2029. The Group has the option to renew the regional master franchise agreements for an additional 30-year term upon expiry of the initial term subject to certain conditions. As at 31 December 2016, the carrying amount of the ERA franchise right in Asia Pacific region is \$3,047,700 (2015: \$3,284,100; 2014: \$3,520,500) and has remaining amortisation period of 13 years (2015: 14 years; 2014: 15 years).

The Group also holds ERA Subfranchise right in Singapore for an initial term of 30 years from 28 June 1990, which expires in 2020. It includes a renewal clause for an additional successive 30 years, which is automatically renewed upon expiry with no additional cost in accordance to the franchise agreement. As at 31 December 2016, the carrying amount of the ERA Singapore Subfranchise right is \$23,278,000 (2015: \$23,974,000; 2014: \$ 24,670,000) and has remaining amortisation period of 34 years (2015: 35 years; 2014: 36 years).

**5. Intangible assets (cont'd)**

Franchise rights (cont'd)

In addition, the Group has the Coldwell Banker Franchise right for an initial term of 30 years from 16 October 1998, which expires in 2028. The Group has the option to renew the franchise agreements for an additional 30-year term upon expiry of the initial term subject to certain conditions. As at 31 December 2016, the carrying amount of the Coldwell Banker Franchise right is \$1,000 (2015: \$1,000; 2014: \$1,000) and has remaining amortisation period of 12 years (2015: 13 years; 2014: 14 years).

Amortisation expenses

The amortisation of intangible assets is disclosed as a separate line in the consolidated income statement.

Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to 4 companies which are also its cash-generating units ("CGU"), for impairment testing as follows:

	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
ERA Realty Network Pte Ltd	61,345,510	61,345,510	61,345,510
ERA Singapore Pte Ltd	10,310,573	10,310,573	10,310,573
Realty International Associates Pte Ltd	3,337,388	3,337,388	3,337,388
Coldwell Banker Real Estate (S) Pte Ltd	582,067	582,067	582,067
At 31 December	75,575,538	75,575,538	75,575,538
Less: Impairment loss	(582,067)	(582,067)	(582,067)
	<b>74,993,471</b>	<b>74,993,471</b>	<b>74,993,471</b>

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets covering a one-year period. The forecasted growth rates used to extrapolate cash flow projections for the next four years are as follows:

	<b>Growth rate</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
ERA Realty Network Pte Ltd	10%	6.5%	3%
ERA Singapore Pte Ltd	4%	4%	3%
Realty International Associates Pte Ltd	4%	4%	3%
Coldwell Banker Real Estate (S) Pte Ltd	—	—	—

In 2016, growth rate of 3% (2015: 3%; 2014: 3%) is used to extrapolate cash flow projections beyond the five year period.

In 2016, pre-tax discount rate applied to the cash flow projections is 15% (2015: 15%; 2014: 15%).



**5. Intangible assets (cont'd)**

Key assumptions used in the value in use calculations

The calculations of value in use for both the CGUs are most sensitive to the following assumptions:

Growth rates - The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its CGU and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Market share assumptions - These assumptions are important because, as well as using industry data for growth rates (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the real estate brokerage and related services to be stable over the budget period.

Sensitivity to changes in assumptions

With regards to the assessment of value in use, the estimated recoverable amount exceeds its carrying amount and no adverse change in key assumptions is expected to result in an impairment loss.

Impairment loss recognised

In 2014, an impairment loss of \$582,067 (2015: \$Nil; 2016: \$Nil) has been recognised to write down the carrying amount of goodwill attributable to Coldwell Banker Real Estate (S) Pte Ltd to its recoverable amount, based on value in use calculations using the cash flow projects from financial budgets approved by the management. The impairment loss arose due to persistent losses suffered by Coldwell Banker Real Estate (S) Pte Ltd.

The impairment loss on goodwill is disclosed as a separate line item in the consolidated income statement.

**APAC Realty Limited and its subsidiaries****Notes to the Financial Statements****For the financial years ended 31 December 2014, 2015 and 2016****6. Fixed deposits**

Fixed deposits in 2014 are pledged to secure credit facilities and earn interest of 0.25% per annum.

Fixed deposits in 2015 and 2016 are pledged to secure a bankers' guarantee issued to the lessor of one of the Group's office buildings for the period 1 November 2015 to 31 May 2018 and earn interest rate of 1.5% (2015: 1.5%) per annum.

**7. Trade and other receivables**

	2014 \$	2015 \$	2016 \$
Trade receivables	25,811,069	33,603,380	47,807,876
Other receivables			
Deposits	1,180,068	848,767	896,860
Recoverable	186,055	95,629	107,463
Sundry receivables	97,179	135,437	328,270
	1,463,302	1,079,833	1,332,593
Amount due from a related party	—	15,892	23,892
Total trade and other receivables	27,274,371	34,699,105	49,164,361
Add: Fixed deposits (Note 6)	100,000	400,000	400,000
Cash and bank balances (Note 8)	18,195,844	14,216,069	17,747,320
Total loans and receivables	45,570,215	49,315,174	67,311,681

Trade receivables

Trade receivables are non-interest bearing and are generally settled on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. These receivables are not secured by any collateral or credit enhancements.

7. Trade and other receivables (cont'd)

*Receivables that are past due but not impaired*

The Group has trade receivables amounting to \$6,935,086 (2015: \$4,145,400; 2014: \$4,242,144) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	2014 \$	2015 \$	2016 \$
Not past due	21,568,925	29,457,980	40,872,790
Receivables that are past due but not impaired:			
Past due up to 30 days	1,189,814	1,253,522	2,853,895
Past due 31 to 60 days	743,635	1,243,014	1,332,979
Past due 61 to 90 days	624,218	389,753	1,281,671
Past due more than 90 days	1,684,477	1,259,111	1,466,541
	4,242,144	4,145,400	6,935,086
Total	25,811,069	33,603,380	47,807,876

*Receivables that are impaired*

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	2014 \$	2015 \$	2016 \$
Trade receivables – nominal amounts	2,633,927	2,070,512	1,567,941
Less: Allowance for impairment	(2,633,927)	(2,070,512)	(1,567,941)
	–	–	–
Movement in allowance accounts:			
At beginning of year	777,668	2,633,927	2,070,512
Charge for the year	2,106,684	1,493,104	1,100,556
Written off	(250,425)	(2,056,519)	(1,603,127)
At end of year	2,633,927	2,070,512	1,567,941

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

**7. Trade and other receivables (cont'd)**

Other receivables

Other receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The movement of the allowance accounts used to record the impairment in other receivables is as follows:

	2014 \$	2015 \$	2016 \$
At beginning of year	15,000	27,548	20,460
Charge for the year	12,748	—	—
Written back	—	(7,088)	(5,392)
Written off	(200)	—	(268)
Balance at end of year	27,548	20,460	14,800

Deposits

These amounts relate to security deposits placed with lessors to secure commercial leases on certain properties.

Amount due from a related party

The amount is non-trade in nature, unsecured, interest-free and repayable upon demand in cash. The related party refers to a company which certain directors have significant influence over.

**8. Cash and bank balances**

Cash and bank balances, representing cash and cash equivalents in the consolidated statement of cash flows, comprise cash at bank and on hand.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The bank accounts of all the subsidiaries in Singapore are pledged as security for the bank loan facility granted to the Group (Note 11). There are no restrictions on the withdrawal and these bank balances are available for the Group's day-to-day operations.

**APAC Realty Limited and its subsidiaries**

**Notes to the Financial Statements**

**For the financial years ended 31 December 2014, 2015 and 2016**

**9. Trade and other payables**

	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade payables and accruals	35,049,732	38,994,505	55,643,305
Other payables			
Deposits	243,146	198,719	191,318
GST payable	3,090,426	3,875,671	5,390,864
Sundry payables	661,882	1,368,749	1,384,529
	3,995,454	5,443,139	6,966,711
Total trade and other payables	39,045,186	44,437,644	62,610,016
Less: GST payable	(3,090,426)	(3,875,671)	(5,390,864)
Add: Loan and borrowing (Note 11)	21,000,000	37,000,000	18,000,000
Total financial liabilities carried at amortised cost	56,954,760	77,561,973	75,219,152

Trade payables/Other payables

These amounts are non-interest bearing. Trade and other payables are normally settled on 30-90 day terms.

**10. Deferred income**

Deferred income relates to amounts received for rental of properties, workstations, lockers and furniture, business conference, professional indemnity insurance and miscellaneous items and will be recognised in the consolidated income statement in accordance with the revenue recognition criteria set out in Note 2.17(c).

**11. Loan and borrowing**

	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Current portion	500,000	6,000,000	6,000,000
Non-current portion	20,500,000	31,000,000	12,000,000
	21,000,000	37,000,000	18,000,000

## APAC Realty Limited and its subsidiaries

### Notes to the Financial Statements

For the financial years ended 31 December 2014, 2015 and 2016

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#### 11. Loan and borrowing (cont'd)

##### Loan from UOB Kay Hian Credit Private Limited at SIBOR + 3.5% per annum

Pursuant to a \$40,000,000 facility agreement dated 20 July 2013 entered into between the Company and UOB Kay Hian Credit Private Limited ("UOB Kay Hian"), the loan is secured by way of charge on the shares in all the subsidiaries in Singapore and Hong Kong and a share pledge on its subsidiary in Shanghai, China. It is repayable by yearly instalments of \$6,000,000 each in the first 2 years from the facility agreement date and the balance is repayable in 36 months from the facility agreement date.

In 2015, the loan bears interest 3.84% to 3.88% (2014: 3.88% to 4.20%) per annum.

In 2014, the Company made early repayment of \$13,000,000 while the balance was fully repaid on 6 August 2015.

##### Loan from RHB Bank Berhad, Singapore Branch at swap rate + 3.25% per annum

Pursuant to a \$40,000,000 loan facility agreement dated 29 July 2015 entered into between the Company and RHB Bank Berhad, Singapore Branch, the loan is secured by way of charge on the shares and bank accounts in all the subsidiaries in Singapore. The proceeds from the loan were used to repay the loan from UOB Kay Hian. It is repayable by half yearly instalments of \$3,000,000 each in the first 4.5 years and the balance payable on the final maturity date, 30 June 2020. The commencement date of repayment of the loan is 31 December 2015.

In 2016, the loan bears interest ranging from 3.46% to 4.87% (2015: 4.14% to 4.55%) per annum.

In 2016, the Company made early repayment of \$13,000,000 while the balance was fully repaid on 31 May 2017.

#### 12. Deferred taxation

	2014 \$	2015 \$	2016 \$
The deferred tax liabilities arises as a result of:			
Excess of net carrying amount over tax written down value of plant and equipment	100,000	125,000	194,000
Fair value adjustment on acquisition of franchise	5,013,000	5,013,000	4,478,000
	<u>5,113,000</u>	<u>5,138,000</u>	<u>4,672,000</u>

**APAC Realty Limited and its subsidiaries****Notes to the Financial Statements****For the financial years ended 31 December 2014, 2015 and 2016****13. Share capital**

	No. of shares	\$
Issued and fully paid:		
Balance at 1 January 2014, 31 December 2014, 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	70,700,000	70,700,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

**14. Other revenue and other expenses**

Other revenue and other expenses included the following for the year ended 31 December:

	2014 \$	2015 \$	2016 \$
<b>Other revenue</b>			
Rental of properties, workstations, lockers and furniture	2,171,843	1,381,162	1,416,984
Professional indemnity insurance fees	1,617,257	500,000	541,064
Incentives, referral and administrative fees	469,772	463,799	551,853
Business conference income	298,459	339,649	373,512
Interest income from cash at bank and fixed deposits	12,718	14,989	24,811
Bad debts recovered	—	—	38,692
Sundry income	347,164	357,636	434,160
	4,917,213	3,057,235	3,381,076
<b>Other expenses</b>			
Audit fees:			
- Auditors of the Group	104,000	106,800	106,800
- Other auditors	1,797	1,974	1,971
Rental expense	3,368,591	3,304,038	3,041,347
Electricity and water	228,759	180,678	161,013
Facility arrangement fee	—	400,000	400,000
Legal and professional fees	111,250	255,198	33,087
Photocopy charges	204,604	199,844	171,342
Printing and stationery	71,511	106,210	92,049
Secretarial services	109,965	19,135	16,058
Telephone charges	170,768	150,497	143,420
Travel and transport expenses	132,145	103,312	149,345
Upkeep of computers and office equipment	225,313	258,758	274,280
Write off of plant and equipment	718	88,124	154,174
Other administrative expenses	942,902	977,687	1,129,936
	5,672,323	6,152,255	5,874,822



**APAC Realty Limited and its subsidiaries**

**Notes to the Financial Statements**

**For the financial years ended 31 December 2014, 2015 and 2016**

**15. Finance costs**

	<b>2014</b> \$	<b>2015</b> \$	<b>2016</b> \$
Interest expense on loan	1,116,969	1,167,076	1,122,428

**16. Personnel cost**

	<b>2014</b> \$	<b>2015</b> \$	<b>2016</b> \$
Directors:			
Directors of subsidiaries			
Salary, bonus and incentive	2,043,177	1,659,442	2,146,326
Central Provident Fund	30,555	33,991	43,860
	2,073,732	1,693,433	2,190,186
Staff:			
Salary and bonus	5,714,475	6,903,423	7,549,479
Central Provident Fund	770,876	979,685	1,001,880
Provision for leave entitlement	24,981	33,771	54,204
Grant income from Special Employment Credit	(18,282)	(46,828)	(88,061)
	6,492,050	7,870,051	8,517,502
Other related expenses	91,662	102,094	99,300
	8,657,444	9,665,578	10,806,988

**17. Income tax expense**

The major components of income tax expense for the year ended 31 December are:

	<b>2014</b> \$	<b>2015</b> \$	<b>2016</b> \$
Tax expense recognised in respect of profit for the year			
Current tax	2,644,500	1,827,000	3,142,000
Over provision in respect of previous years	(199,554)	(10,887)	(478,771)
	2,444,946	1,816,113	2,663,229
Deferred tax provided			
Origination and reversal of temporary differences	5,000	25,000	(89,508)
Over provision in respect of previous years	—	—	(376,492)
	5,000	25,000	(466,000)
Income tax expense	2,449,946	1,841,113	2,197,229

# APAC Realty Limited and its subsidiaries

## Notes to the Financial Statements

For the financial years ended 31 December 2014, 2015 and 2016

### 17. Income tax expense (cont'd)

A reconciliation of the statutory tax rate of the Group's effective tax rates applicable to profit before taxation for the year ended 31 December are as follows:

	2014 \$	2015 \$	2016 \$
Profit before tax	14,691,268	10,326,802	18,079,291
Tax at the domestic tax rates applicable to the profit in the countries where the Group operates	2,492,436	1,751,345	3,073,479
<i>Adjustments:</i>			
Non-deductible expenses	340,636	229,367	176,823
Effect of partial tax exemption and tax relief	(161,159)	(166,688)	(183,700)
Over provision in respect of previous years	(199,554)	(10,887)	(855,263)
Others	(22,413)	37,976	(14,110)
Income tax expense	2,449,946	1,841,113	2,197,229

The reconciliation is prepared by aggregating separate reconciliations of each national jurisdiction.

The tax rates applicable to entities in Singapore, Hong Kong and China are 17%, 16.5% and 25% respectively.

### 18. Earnings per share

Basic earnings per share are calculated by dividing profit for the year attributable to owner of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective financial years.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the year ended 31 December:

	2014 \$	2015 \$	2016 \$
Profit for the year attributable to owner of the Company	12,241,322	8,485,689	15,882,062
	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares for earnings per share computation	70,700,000	70,700,000	70,700,000

**APAC Realty Limited and its subsidiaries**

**Notes to the Financial Statements**

**For the financial years ended 31 December 2014, 2015 and 2016**

**19. Dividend paid**

	<b>2014</b>	<b>2015</b>	<b>2016</b>
	\$	\$	\$
<b>Declared and paid during the year:</b>			
<i>Interim dividend on ordinary shares:</i>			
Interim one-tier tax-exempt dividend paid			
\$Nil (2015: \$0.3536; 2014: \$Nil) per share	—	25,000,000	—

Dividends of \$25,000,000 for 2015 was paid out of pre-acquisition retained earnings of subsidiaries.

**20. Related party transactions**

**(a) Revenue and expenses**

The Group provided brokerage services to one of its directors during the financial year:

	<b>2014</b>	<b>2015</b>	<b>2016</b>
	\$	\$	\$
Real estate brokerage fees	29,166	7,651	112,216

The provision of brokerage services in connection with the sale, purchase and/or rental of residential properties to the director were on an arm's length basis and on normal commercial terms.

**(b) Compensation of key management personnel**

	<b>2014</b>	<b>2015</b>	<b>2016</b>
	\$	\$	\$
Remuneration of key management personnel who are either directors of the Company or directors of the subsidiaries (Note 16)	2,073,732	1,693,433	2,190,186
Remuneration of the 3 key management personnel who are not directors of the Company or its subsidiaries (including commission and incentives)	2,167,977	1,645,492	1,973,916
	4,241,709	3,338,925	4,164,102

**21. Operating lease commitments**

**(a) Lessee**

The Group has entered into commercial leases on certain properties. These leases have an average tenure of between two to three years with no contingent rent provision included in the contracts.

Minimum lease payments recognised as an expense in the consolidated income statement for the financial year ended 31 December 2016 amounted to \$3,041,347 (2015: \$3,304,038; 2014: \$3,368,591).

Future minimum rental payments for the non-cancellable operating leases with initial or remaining terms of one year or more are as follows:-

	<b>2014</b> \$	<b>2015</b> \$	<b>2016</b> \$
Within one year	1,380,416	2,938,490	2,698,505
Later than one year but not later than five years	2,084,344	2,904,897	1,582,907
	<u>3,464,760</u>	<u>5,843,387</u>	<u>4,281,412</u>

**(b) Lessor**

In 2014, the Group has entered into commercial property leases on its leased properties. These non-cancellable leases have remaining lease terms of less than one year. The rental rate is fixed for the duration of the lease term.

Total rental received from non-cancellable leases recognised as income for the financial year ended 31 December 2016 amounted to \$Nil (2015: \$Nil; 2014: \$349,020).

**22. Financial risk management objectives and policies**

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. It is, and has been throughout the financial year under review, the Group's policy that no trading in derivatives financial instrument shall be undertaken.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages or measures the risks.

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's borrowings from financial institutions. The Group's policy is to obtain the most favourable interest rates available for its borrowings.

Surplus funds are placed with reputable banks.

Information relating to the Group's interest rate exposure is also disclosed in the notes on borrowings from financial institution.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 25 basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been \$45,000 (2015: \$92,500; 2014: \$52,500) higher/lower.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows.

At the end of the reporting period, approximately 33.33% (2015: 16.22%; 2014: 2.38%) of the Group's loan and borrowing will mature in less than one year based on the carrying amount reflected in the financial statements.

The table below summaries the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

**APAC Realty Limited and its subsidiaries**

**Notes to the Financial Statements**

**For the financial years ended 31 December 2014, 2015 and 2016**

**22. Financial risk management objectives and policies (cont'd)**

**(b) Liquidity risk (cont'd)**

	<b>1 year or less \$</b>	<b>1 to 5 years \$</b>	<b>Over 5 years \$</b>	<b>Total \$</b>
<b>2016</b>				
<b>Financial assets</b>				
Fixed deposits	—	408,500	—	408,500
Trade and other receivables (Note 7)	49,164,361	—	—	49,164,361
Cash and bank balances	17,747,320	—	—	17,747,320
Total undiscounted financial assets	66,911,681	408,500	—	67,320,181
<b>Financial liabilities</b>				
Trade and other payables, excluding GST payable (Note 9)	57,219,152	—	—	57,219,152
Loan and borrowing	6,669,614	13,116,024	—	19,785,638
Total undiscounted financial liabilities	63,888,766	13,116,024	—	77,004,790
Total net undiscounted financial assets/(liabilities)	3,022,915	(12,707,524)	—	(9,684,609)
<b>2015</b>				
<b>Financial assets</b>				
Fixed deposits	—	414,500	—	414,500
Trade and other receivables (Note 7)	34,699,105	—	—	34,699,105
Cash and bank balances	14,216,069	—	—	14,216,069
Total undiscounted financial assets	48,915,174	414,500	—	49,329,674
<b>Financial liabilities</b>				
Trade and other payables, excluding GST payable (Note 9)	40,561,973	—	—	40,561,973
Loan and borrowing	7,684,658	35,940,146	—	43,624,804
Total undiscounted financial liabilities	48,246,631	35,940,146	—	84,186,777
Total net undiscounted financial assets/(liabilities)	668,543	(35,525,646)	—	(34,857,103)

22. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	1 year or less \$	1 to 5 years \$	Over 5 years \$	Total \$
<b>2014</b>				
<b>Financial assets</b>				
Fixed deposits	–	100,250	–	100,250
Trade and other receivables (Note 7)	27,274,371	–	–	27,274,371
Cash and bank balances	18,195,844	–	–	18,195,844
Total undiscounted financial assets	45,470,215	100,250	–	45,570,465
<b>Financial liabilities</b>				
Trade and other payables, excluding GST payable (Note 9)	35,954,760	–	–	35,954,760
Loan and borrowing	1,314,617	21,295,222	–	22,609,839
Total undiscounted financial liabilities	37,269,377	21,295,222	–	58,564,599
Total net undiscounted financial assets/ (liabilities)	8,200,838	(21,194,972)	–	(12,994,134)

(c) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The carrying amount of trade and other receivables and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile

At the end of the reporting period, almost all the Group's financial assets were due from customers located in Singapore. The Group has no significant concentration of credit risk with any single customer.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions with high credit rating and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 7.



**23. Fair values of financial instruments**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced liquidation sale.

*Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Management has determined that the carrying amounts of cash and bank balances, trade and other receivables, trade and other payables, amounts due from a related party and loan and borrowing based on their notional amounts, reasonably approximate their fair values, either due to their short-term nature or are repriced frequently.

**24. Segment information**

For management purposes, the Group is organised into business units based on their services, and has three reportable segments as follows:

- I. Brokerage income from resale and rental of properties - relates to commission and fee income from the brokerage of resale and rental of residential, commercial and industrial properties.
- II. Brokerage income from new home sales - relates to commission and fee income from the brokerage of new residential projects for sale by various developers.
- III. Others - relates to rental income from properties, workstations, lockers and furniture, incentives, referral, professional indemnity insurance and administration fees income, business conference income and miscellaneous income.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes and finance costs are managed on a group basis and are not allocated to operating segments. The Group did not disclose operating segment assets and liabilities as such measures are not monitored by and hence not provided to the chief operating decision maker.

APAC Realty Limited and its subsidiaries

Notes to the Financial Statements

For the financial years ended 31 December 2014, 2015 and 2016

24. Segment information (cont'd)

	Brokerage income from resale and rental of properties \$	Brokerage income from new home sales \$	Others \$	Total \$
<b>2016</b>				
<b>Revenue:</b>				
Real estate brokerage fees and related services	213,680,055	65,448,006	5,240,153	284,368,214
Other revenue (Note 14)	38,647	—	3,342,429	3,381,076
<b>Total revenue</b>	<b>213,718,702</b>	<b>65,448,006</b>	<b>8,582,582</b>	<b>287,749,290</b>
Segment results	6,645,930	10,777,296	1,778,493	19,201,719
Finance costs				(1,122,428)
<b>Profit before tax</b>				<b>18,079,291</b>
Income tax expense				(2,197,229)
<b>Profit for the year</b>				<b>15,882,062</b>
<b>Others:</b>				
Bad debts recovered	38,647	—	45	38,692
Allowance for doubtful debts provided (trade)	(1,061,837)	(26,104)	(12,615)	(1,100,556)
Allowance for doubtful debts written back (non-trade)	—	—	5,392	5,392
Depreciation and amortisation	(576,337)	(643,430)	(405,053)	(1,624,820)
Interest income	—	—	24,811	24,811

APAC Realty Limited and its subsidiaries

Notes to the Financial Statements

For the financial years ended 31 December 2014, 2015 and 2016

24. Segment information (cont'd)

	Brokerage income from resale and rental of properties \$	Brokerage income from new home sales \$	Others \$	Total \$
<b>2015</b>				
<b>Revenue:</b>				
Real estate brokerage fees and related services	183,246,180	41,062,082	5,220,695	229,528,957
Other revenue (Note 14)	—	—	3,057,235	3,057,235
<b>Total revenue</b>	<b>183,246,180</b>	<b>41,062,082</b>	<b>8,277,930</b>	<b>232,586,192</b>
Segment results	5,250,495	5,454,378	789,005	11,493,878
Finance costs				(1,167,076)
<b>Profit before tax</b>				<b>10,326,802</b>
Income tax expense				(1,841,113)
<b>Profit for the year</b>				<b>8,485,689</b>
<b>Others:</b>				
Allowance for doubtful debts provided (trade)	(1,384,078)	(89,998)	(19,028)	(1,493,104)
Allowance for doubtful debts written back (non-trade)	—	—	7,088	7,088
Depreciation and amortisation	(591,566)	(553,060)	(428,246)	(1,572,872)
Interest income	—	—	14,989	14,989

**APAC Realty Limited and its subsidiaries**

**Notes to the Financial Statements**

**For the financial years ended 31 December 2014, 2015 and 2016**

**24. Segment information (cont'd)**

	<b>Brokerage income from resale and rental of properties \$</b>	<b>Brokerage income from new home sales \$</b>	<b>Others \$</b>	<b>Total \$</b>
<b>2014</b>				
<b>Revenue:</b>				
Real estate brokerage fees and related services	152,616,428	56,399,978	4,257,397	213,273,803
Other revenue (Note 14)	—	—	4,917,213	4,917,213
<b>Total revenue</b>	<b>152,616,428</b>	<b>56,399,978</b>	<b>9,174,610</b>	<b>218,191,016</b>
Segment results	5,010,790	8,643,072	2,154,375	15,808,237
Finance costs				(1,116,969)
Profit before tax				14,691,268
Income tax expense				(2,449,946)
<b>Profit for the year</b>				<b>12,241,322</b>
<b>Others:</b>				
Impairment loss on goodwill	—	—	(582,067)	(582,067)
Allowance for doubtful debts provided (trade)	(2,037,512)	(74,422)	5,250	(2,106,684)
Allowance for doubtful debts written back (non-trade)	—	—	(12,748)	(12,748)
Depreciation and amortisation	(399,595)	(450,420)	(430,768)	(1,280,783)
Interest income	—	—	12,718	12,718

**Geographical information**

The Group operates mainly in Singapore with revenue predominantly generated in Singapore. Accordingly, analysis of revenue and assets of the Group by geographical distribution has not been presented.

## 25. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes within net debt, loan and borrowing, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owner of the Company. The management will continue to review and monitor the gearing ratio to be in line with the Group's policy.

No changes were made to the objectives, policies or processes during the year ended 31 December 2014, 2015 and 2016.

	2014 \$	2015 \$	2016 \$
Loan and borrowing (Note 11)	21,000,000	37,000,000	18,000,000
Trade and other payables (Note 9)	39,045,186	44,437,644	62,610,016
	60,045,186	81,437,644	80,610,016
Less: Cash and bank balances (Note 8)	(18,195,844)	(14,216,069)	(17,747,320)
	41,849,342	67,221,575	62,862,696
Equity attributable to the owner of the Company	79,497,976	62,996,090	78,877,514
Capital and net debt	121,347,318	130,217,665	141,740,210
<b>Gearing ratio</b>	34%	52%	44%

Gearing ratio for 2015 exceeded 50% due to a \$40,000,000 loan entered into between the Company and RHB Bank Berhad, Singapore Branch (Note 11) on 29 July 2015.

## 26. Subsequent events

- (a) On 31 May 2017, the Group refinanced the remaining loan outstanding due to RHB Bank Berhad, Singapore Branch (Note 11) with a short term loan of \$10,000,000 from DBS Bank Ltd. The new loan from DBS Bank Ltd is repayable within one year from 31 May 2017. Existing charges over the shares and bank accounts that were used to secure the loan outstanding have been discharged by RHB Bank Berhad, Singapore branch.
- (b) On 21 June 2017, the Group's wholly-owned subsidiary, Electronic Realty Associates Pte Ltd, acquired 34% ownership in Soreal Prop Pte. Ltd., a Company incorporated in Singapore, for a consideration of \$34,000.

## APPENDIX B

### INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017

**APAC Realty Limited and its subsidiaries**

**Independent Auditor's Review Report  
For the three-month period ended 31 March 2017**

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*This Report included in this Preliminary Prospectus is subject to further amendments and completion as information contained in the Preliminary Prospectus is subject to further amendments and completion.*

The Board of Directors  
APAC Realty Limited  
229 Mountbatten Road  
#03-01 Mountbatten Square  
Singapore 398007

Dear Sirs,

#### **Report on the Review of Unaudited Interim Consolidated Financial Statements**

We have reviewed the unaudited interim consolidated balance sheet of APAC Realty Limited (the "Company") and its subsidiaries (collectively the "Group") as at 31 March 2017 and the related unaudited interim consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory information (the "interim financial information"). The Company's management is responsible for the preparation and presentation of the interim financial information in accordance with Financial Reporting Standard in Singapore 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the interim financial information based on our review.

#### **Scope of Review**

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Financial Reporting Standard in Singapore 34 *Interim Financial Reporting*.

**APAC Realty Limited and its subsidiaries**

**Independent Auditor's Review Report  
For the three-month period ended 31 March 2017**

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**Restriction on Distribution and Use**

This report is made solely to you as a body and for the inclusion in the prospectus to be issued in relation to the proposed offering of the shares of the Company in connection with the Company's listing on the Singapore Exchange Securities Trading Limited.

Ernst & Young LLP

Public Accountants and  
Chartered Accountants  
Singapore

Partner-in-charge: Alvin Phua Chun Yen

21 September 2017



**APAC Realty Limited and its subsidiaries**

**Unaudited Interim Consolidated Balance Sheet  
As at 31 March 2017**

	<b>Note</b>	<b>31 March 2017 \$ (Unaudited)</b>	<b>31 December 2016 \$ (Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	4	1,370,584	1,436,026
Intangible assets	5	101,087,071	101,320,171
Fixed deposits	6	400,000	400,000
		102,857,655	103,156,197
<b>Current assets</b>			
Trade receivables	7	49,103,033	47,807,876
Other receivables	7	1,410,857	1,332,593
Amount due from a related party	7	31,892	23,892
Prepaid operating expenses		271,676	270,479
Cash and bank balances	8	10,126,062	17,747,320
		60,943,520	67,182,160
<b>Total assets</b>		163,801,175	170,338,357
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and accruals	9	53,924,564	55,643,305
Other payables	9	6,228,851	6,966,711
Deferred income	10	1,298,337	1,727,593
Loan and borrowing	11	6,000,000	6,000,000
Provision for taxation		4,808,673	4,451,234
		72,260,425	74,788,843
<b>Net current liabilities</b>		(11,316,905)	(7,606,683)
<b>Non-current liabilities</b>			
Loan and borrowing	11	4,000,000	12,000,000
Deferred taxation	12	4,632,400	4,672,000
<b>Net assets</b>		82,908,350	78,877,514
<b>Equity attributable to owner of the Company</b>			
Share capital	13	70,700,000	70,700,000
Foreign currency translation reserve		(1,128)	(897)
Accumulated profits		12,209,478	8,178,411
<b>Total equity</b>		82,908,350	78,877,514

*The accompanying accounting policies and explanatory notes form an integral part of the interim financial statements.*

**APAC Realty Limited and its subsidiaries**

**Unaudited Interim Consolidated Income Statement  
For the three-month period ended 31 March 2017**

	Note	1 January 2017 to 31 March 2017 \$ (Unaudited)	1 January 2016 to 31 March 2016 \$ (Unaudited)
<b>Revenue</b>			
Real estate brokerage fees and related services		65,947,335	55,058,333
Other revenue	14	1,217,227	1,073,673
<b>Total revenue</b>		67,164,562	56,132,006
<b>Costs and expenses</b>			
Cost of services		56,996,119	48,593,461
Personnel cost	16	2,602,739	2,445,793
Marketing and promotion expenses		180,769	423,609
Depreciation of plant and equipment	4	126,689	177,105
Amortisation of intangible assets	5	233,100	233,100
Allowance for doubtful debts provided			
- trade	7	1,087,875	389,107
Other operating expenses	14	1,043,090	1,265,438
Finance costs	15	140,776	396,955
		62,411,157	53,924,568
<b>Profit before tax</b>		4,753,405	2,207,438
Income tax expense	17	(722,338)	(281,000)
<b>Profit for the period</b>		4,031,067	1,926,438
<b>Attributable to:</b>			
Owner of the Company		4,031,067	1,926,438
<b>Earnings per share attributable to owner of the Company (cents per share)</b>			
Basic and diluted	18	5.70	2.72

*The accompanying accounting policies and explanatory notes form an integral part of the interim financial statements.*

**APAC Realty Limited and its subsidiaries**

**Unaudited Interim Consolidated Statement of Comprehensive Income**  
**For the three-month period ended 31 March 2017**

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	<b>1 January 2017 to 31 March 2017</b>	<b>1 January 2016 to 31 March 2016</b>
	<b>\$</b>	<b>\$</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	4,031,067	1,926,438
<b>Other comprehensive income:</b>		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(231)	(457)
<b>Other comprehensive income for the period</b>	(231)	(457)
<b>Total comprehensive income for the period</b>	4,030,836	1,925,981
<b>Total comprehensive income attributable to:</b>		
Owner of the Company	4,030,836	1,925,981

*The accompanying accounting policies and explanatory notes form an integral part of the interim financial statements.*

**APAC Realty Limited and its subsidiaries**

**Unaudited Interim Consolidated Statement of Changes in Equity  
For the three-month period ended 31 March 2017**

	Attributable to owner of the Company				
	Share capital (Note 13) \$	Foreign currency translation reserve \$	Accumulated profits/(losses) \$	Total reserves \$	Total equity \$
<b>2017</b>					
Opening balance at 1 January 2017	70,700,000	(897)	8,178,411	8,177,514	78,877,514
Profit for the period	–	–	4,031,067	4,031,067	4,031,067
Other comprehensive income – Foreign currency translation	–	(231)	–	(231)	(231)
Total comprehensive income for the period	–	(231)	4,031,067	4,030,836	4,030,836
Closing balance at 31 March 2017 (unaudited)	70,700,000	(1,128)	12,209,478	12,208,350	82,908,350
<b>2016</b>					
Opening balance at 1 January 2016	70,700,000	(259)	(7,703,651)	(7,703,910)	62,996,090
Profit for the period	–	–	1,926,438	1,926,438	1,926,438
Other comprehensive income – Foreign currency translation	–	(457)	–	(457)	(457)
Total comprehensive income for the period	–	(457)	1,926,438	1,925,981	1,925,981
Closing balance at 31 March 2016 (unaudited)	70,700,000	(716)	(5,777,213)	(5,777,929)	64,922,071

*The accompanying accounting policies and explanatory notes form an integral part of the interim financial statements.*

**APAC Realty Limited and its subsidiaries**

**Unaudited Interim Consolidated Statement of Cash Flows**  
**For the three-month period ended 31 March 2017**

	<b>1 January 2017 to 31 March 2017 \$ (Unaudited)</b>	<b>1 January 2016 to 31 March 2016 \$ (Unaudited)</b>
<b>Cash flows from operating activities</b>		
Profit before tax	4,753,405	2,207,438
Adjustments for :		
Allowance for doubtful debts (trade)	1,087,875	389,107
Bad debts recovered	(4,127)	(19,422)
Depreciation of plant and equipment	126,689	177,105
Amortisation of intangible assets	233,100	233,100
Interest expense	140,776	396,955
Interest income	(6,765)	(7,029)
<b>Operating cash flows before working capital changes</b>	6,330,953	3,377,254
<u>Changes in working capital</u>		
Increase in trade and other receivables	(2,466,597)	(2,510,043)
(Decrease)/increase in trade and other payables	(2,885,857)	1,970,984
<b>Cash flows from operations</b>	978,499	2,838,195
Interest income received	6,765	7,029
Interest paid	(140,776)	(396,955)
Income taxes paid	(404,499)	(233,191)
<b>Net cash flows generated from operating activities</b>	439,989	2,215,078
<b>Cash flows from investing activity</b>		
Purchase of plant and equipment	(61,247)	(14,097)
<b>Net cash flows used in investing activity</b>	(61,247)	(14,097)
<b>Cash flows from financing activity</b>		
Repayment of loan and borrowing	(8,000,000)	(6,300,000)
<b>Net cash flows used in financing activity</b>	(8,000,000)	(6,300,000)
<b>Net decrease in cash and cash equivalents</b>	(7,621,258)	(4,099,019)
<b>Net cash and cash equivalents at beginning of the period</b>	17,747,320	14,216,069
<b>Net cash and cash equivalents at end of the period</b>	10,126,062	10,117,050

*The accompanying accounting policies and explanatory notes form an integral part of the interim financial statements.*

## APAC Realty Limited and its subsidiaries

### Notes to the Unaudited Interim Financial Statements For the three-month period ended 31 March 2017

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#### 1. Corporate information

APAC Realty Pte. Ltd. (formerly known as Realty Partners Group Pte. Ltd.) (the “Company”) was a Singapore-domiciled business private limited company incorporated in Singapore on 15 July 2013. On 5 September 2017, the Company converted into a public company limited by shares and changed its name to APAC Realty Limited. The immediate holding company is Asia Pacific Realty Holdings Ltd. and the ultimate holding company is PGA Realty Partners Ltd. (BVI). Both companies are incorporated in Cayman Islands.

The registered office of the Company and its principal place of business is located at 229 Mountbatten Road, #03-01 Mountbatten Square, Singapore 398007.

The principal activities of the Company are those relating to investment holding, owning and operating the master franchise rights relating to the “ERA Real Estate” brand for sale and licensing to sub-franchisees in the Asia Pacific Region. The principal activities of the subsidiaries are stated below.

Name	Principal activities	Place of business
ERA Realty Network Pte Ltd	Real estate brokerage & consultancy services, real estate training to real estate agents and sale of marketing materials.	Singapore
ERA Singapore Pte Ltd	Master franchisee of the “ERA Real Estate” franchise for the territory of Singapore to offer membership of the “ERA” franchise to housing agents.	Singapore
Realty International Associates Pte Ltd	Property management, valuation and consultancy services, conducting training courses, and the publication and distribution of real estate periodicals.	Singapore
Electronic Realty Associates Pte Ltd	Real estate brokerage and related services.	Singapore
Coldwell Banker Real Estate (S) Pte Ltd	Offers membership of the “Coldwell Banker” franchise to housing agents.	Singapore
Coldwell Banker Commercial Real Estate (S) Pte Ltd	Dormant	Singapore
ERA Real Estate Consulting (Shanghai) Co. Ltd	Inactive	Shanghai, China
ERA Realty Limited	Dormant	Hong Kong

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The interim financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except as disclosed in accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$).

As at 31 March 2017, the Group's current liabilities exceeded its current assets by \$11,316,905 (31 December 2016: current liabilities exceeded its current assets by \$7,606,683). The financial statements have been prepared on a going concern basis as the directors are of the view that the Group will be able to generate sufficient cash from its operating activities to meet its liabilities as and when they fall due.

**2.2 Changes in accounting policies**

The accounting policies have been consistently applied by the Group except that the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group.

**2.3 Standards issued but not yet effective**

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 115 <i>Revenue from contracts with customers</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019



**2. Summary of significant accounting policies (cont'd)**

**2.3 *Standards issued but not yet effective (cont'd)***

Except for FRS 109 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 116 is described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

FRS 109 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. Upon application of the expected credit loss model, the Group expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

**2. Summary of significant accounting policies (cont'd)**

**2.4 Basis of consolidation and business combinations**

**(a) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

**(b) Business combinations**

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.7(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

**2. Summary of significant accounting policies (cont'd)**

**2.5 Foreign currency**

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

**(a) Transactions and balances**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

**(b) Consolidated financial statements**

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

**2. Summary of significant accounting policies (cont'd)**

**2.6 *Plant and equipment***

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computers	3 to 5 years
Furniture and fittings	5 years
Office equipment	5 years
Electrical installation and fittings	5 years
Renovation	5 years
Motor vehicles	7 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

**2.7 *Intangible assets***

**a) Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

**2. Summary of significant accounting policies (cont'd)**

**2.7 Intangible assets (cont'd)**

**b) Other intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets comprise the ERA Regional Master franchise right for certain countries in the Asia Pacific region, ERA Subfranchise right in Singapore and Coldwell Banker franchise right in Singapore arising from a business combination in 2013. The useful lives of these intangible assets are finite. They are stated at cost and amortised on a straight line method over their estimated useful lives of 16, 37 and 15 years respectively, representing the remaining period of the franchise agreement in which the Group was granted the exclusive right of use of the franchise brand names. If the franchise agreement can be renewed, the useful life of the intangible asset include the renewal period only if there is evidence to support the renewal by the Group without significant cost. The amortisation period and the amortisation method are reviewed at least at each financial year end.

The amortisation expense on intangible assets is recognised in the profit or loss.

The carrying values of intangible assets are reviewed for impairment whenever there is an indication that the intangible asset may be impaired.

**2.8 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously.

**2. Summary of significant accounting policies (cont'd)**

**2.9 Subsidiaries**

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

**2.10 Financial instruments**

**a) Financial assets**

**Initial recognition and measurement**

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

**Subsequent measurement**

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

**De-recognition**

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

**2. Summary of significant accounting policies (cont'd)**

**2.10 Financial instruments (cont'd)**

**b) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of other financial liabilities, not at fair value through profit or loss, directly attributable transaction costs.

**Subsequent measurement**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

**De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**2.11 Impairment of financial assets**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.



**2. Summary of significant accounting policies (cont'd)**

**2.11 *Impairment of financial assets (cont'd)***

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**2.12 *Cash and cash equivalents***

Cash and cash equivalents comprise of cash at bank and on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

**2.13 *Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.14 *Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**2. Summary of significant accounting policies (cont'd)**

**2.15 Employee benefits**

**(a) Defined contribution plan**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**(b) Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

**2.16 Leases**

**(a) As lessee**

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

**(b) As lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.17(c). Contingent rents are recognised as revenue in the period in which they are earned.

**2. Summary of significant accounting policies (cont'd)**

**2.17 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

**(a) Real estate brokerage fees and related services**

Revenue from real estate brokerage services, property valuation, property management, training and related services is recognised when these services have been rendered.

**(b) Interest income**

Interest income is recognised using the effective interest method.

**(c) Other revenue**

Rental income from properties, workstations, lockers and furniture are recognised on a straight line basis over the lease period.

Incentives, referral, professional indemnity insurance and administration fees income, business conference income and miscellaneous income, are recognised over the period to which the contract relates.

**2.18 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

*Government grant related to income*

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are deducted in reporting the related expenses.

**2. Summary of significant accounting policies (cont'd)**

**2.19 Taxes**

**(a) Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investment in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investment in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

**2. Summary of significant accounting policies (cont'd)**

**2.19 Taxes (cont'd)**

**(b) Deferred tax (cont'd)**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

**(c) Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**2.20 Share capital and share issue expenses**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

**3. Significant accounting judgements and estimates**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

**3.1 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

***Impairment of intangible assets***

As disclosed in Note 5 to the financial statements, the recoverable amounts of the cash generating units which goodwill and franchise rights have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 5 to the financial statements.

***Impairment of loans and receivables***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 7 to the financial statements.

**3.2 Judgement made in applying accounting policies**

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

**APAC Realty Limited and its subsidiaries**

**Notes to the Unaudited Interim Financial Statements  
For the three-month period ended 31 March 2017**

**4. Plant and equipment**

<b>Cost</b>	<b>Computers \$</b>	<b>Furniture and fittings \$</b>	<b>Office equipment \$</b>	<b>Electrical installation and fittings \$</b>	<b>Renovation \$</b>	<b>Motor vehicles \$</b>	<b>Total \$</b>
At 1 January 2016	771,143	1,772,697	254,503	291,530	48,947	21,800	3,160,620
Additions	46,994	39,640	52,224	1,566	–	–	140,424
Write-off	(273,061)	(218,411)	(8,231)	(75,750)	(29,474)	–	(604,927)
At 31 December 2016 (audited) and 1 January 2017	545,076	1,593,926	298,496	217,346	19,473	21,800	2,696,117
Additions	3,425	40,228	3,660	13,934	–	–	61,247
At 31 March 2017 (unaudited)	548,501	1,634,154	302,156	231,280	19,473	21,800	2,757,364

**Accumulated depreciation**

At 1 January 2016	478,185	361,776	71,032	85,661	19,434	2,336	1,018,424
Charge for the year	190,543	379,331	55,646	54,979	8,807	3,114	692,420
Write-off	(252,449)	(132,906)	(5,779)	(42,925)	(16,694)	–	(450,753)
At 31 December 2016 (audited) and 1 January 2017	416,279	608,201	120,899	97,715	11,547	5,450	1,260,091
Charge for the period	17,891	81,208	14,834	11,003	974	779	126,689
At 31 March 2017 (unaudited)	434,170	689,409	135,733	108,718	12,521	6,229	1,386,780

**Net book value**

At 31 December 2016 (audited)	128,797	985,725	177,597	119,631	7,926	16,350	1,436,026
At 31 March 2017 (unaudited)	114,331	944,745	166,423	122,562	6,952	15,571	1,370,584



**APAC Realty Limited and its subsidiaries**

**Notes to the Unaudited Interim Financial Statements  
For the three-month period ended 31 March 2017**

**5. Intangible assets**

	<b>Goodwill</b>	<b>Franchise rights</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost</b>			
At 1 January 2016, 31 December 2016 (audited), 1 January 2017 and 31 March 2017 (unaudited)	75,575,538	29,473,000	105,048,538
<b>Accumulated amortisation and impairment</b>			
At 1 January 2016	582,067	2,213,900	2,795,967
Charge for the year	–	932,400	932,400
At 31 December 2016 (audited) and 1 January 2017	582,067	3,146,300	3,728,367
Charge for the period	–	233,100	233,100
At 31 March 2017 (unaudited)	582,067	3,379,400	3,961,467
<b>Net book value</b>			
At 31 December 2016 (audited)	74,993,471	26,326,700	101,320,171
At 31 March 2017 (unaudited)	74,993,471	26,093,600	101,087,071

Franchise rights

Franchise rights is held for the exclusive right of use of the brand names being “ERA” and “Coldwell Banker”.

The Group acquired exclusive ERA Regional Master franchise right for certain countries in the Asia Pacific region for an initial term of 30 years from 19 November 1999, which expires in 2029. The Group has the option to renew the regional master franchise agreements for an additional 30-year term upon expiry of the initial term subject to certain conditions. As at 31 March 2017, the carrying amount of the ERA Franchise right in Asia Pacific Region is \$2,988,600 (31 December 2016: \$3,047,700) and has remaining amortisation period of 12.75 years (31 December 2016: 13 years).

The Group also holds ERA Subfranchise right in Singapore for an initial term of 30 years from 28 June 1990, which expires in 2020. It includes a renewal clause for an additional successive 30 years, which is automatically renewed upon expiry with no additional cost in accordance with the franchise agreement. As at 31 March 2017, the carrying amount of the ERA Singapore Subfranchise is \$23,104,000 (31 December 2016: \$23,278,000) and has remaining amortisation period of 33.75 years (31 December 2016: 34 years).

## APAC Realty Limited and its subsidiaries

### Notes to the Unaudited Interim Financial Statements For the three-month period ended 31 March 2017

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#### 5. Intangible assets (cont'd)

##### Franchise rights (cont'd)

In addition, the Group has the Coldwell Banker Franchise right for an initial term of 30 years from 16 October 1998, which expires in 2028. The Group has the option to renew the franchise agreements for an additional 30-year term upon expiry of the initial term subject to certain conditions. As at 31 March 2017, the carrying amount of the Coldwell Banker Franchise is \$1,000 (31 December 2016: \$1,000) and has remaining amortisation period of 11.75 years (31 December 2016: 12 years).

##### Amortisation expenses

The amortisation of intangible assets is disclosed as a separate line in the consolidated income statement.

##### Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to 4 companies which are also its cash-generating units ("CGU"), for impairment testing as follows:

	<b>31 March 2017</b> \$ (Unaudited)	<b>31 December 2016</b> \$ (Audited)
ERA Realty Network Pte Ltd	61,345,510	61,345,510
ERA Singapore Pte Ltd	10,310,573	10,310,573
Realty International Associates Pte Ltd	3,337,388	3,337,388
Coldwell Banker Real Estate (S) Pte Ltd	582,067	582,067
At 31 March/31 December	75,575,538	75,575,538
Less: Impairment loss	(582,067)	(582,067)
	<u>74,993,471</u>	<u>74,993,471</u>

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets covering a one-year period. The forecasted growth rates used to extrapolate cash flow projections for the next four years are as follows:

	<b>Growth rate</b> <b>31 March 2017</b> (Unaudited)	<b>31 December 2016</b> (Audited)
ERA Realty Network Pte Ltd	3%	3%
ERA Singapore Pte Ltd	3%	3%
Realty International Associates Pte Ltd	3%	3%
Coldwell Banker Real Estate (S) Pte Ltd	—	—

**5. Intangible assets (cont'd)**

Impairment testing of goodwill (cont'd)

For the period ended 31 March 2017, growth rate of 3% (31 December 2016: 3%) is used to extrapolate cash flow projections beyond the five year period.

For the period ended 31 March 2017, pre-tax discount rate applied to the cash flow projections is 15% (31 December 2016: 15%).

Key assumptions used in the value in use calculations

The calculations of value in use for both the CGUs are most sensitive to the following assumptions:

Growth rates - The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its CGU and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Market share assumptions - These assumptions are important because, as well as using industry data for growth rates (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the real estate brokerage and related services to be stable over the budget period.

Sensitivity to changes in assumptions

With regards to the assessment of value in use, the estimated recoverable amount exceeds its carrying amount and no adverse change in key assumptions is expected to result in an impairment loss.

Impairment loss recognised

In 2014, an impairment loss of \$582,067 (2015: \$Nil; 2016: \$Nil) has been recognised to write down the carrying amount of goodwill attributable to Coldwell Banker Real Estate (S) Pte Ltd to its recoverable amount, based on value in use calculations using the cash flow projects from financial budgets approved by the management. The impairment loss arose due to persistent losses suffered by Coldwell Banker Real Estate (S) Pte Ltd.

**APAC Realty Limited and its subsidiaries****Notes to the Unaudited Interim Financial Statements  
For the three-month period ended 31 March 2017**

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**6. Fixed deposits**

Fixed deposits are pledged to secure a bankers' guarantee issued to the lessor of one of the Group's office buildings for the period 1 November 2015 to 31 May 2018 and earn interest rate of 0.98% (31 December 2016: 1.5%) per annum.

**7. Trade and other receivables**

	<b>31 March 2017 \$ (Unaudited)</b>	<b>31 December 2016 \$ (Audited)</b>
Trade receivables	49,103,033	47,807,876
Other receivables		
Deposits	783,867	896,860
Recoverable	176,682	107,463
Sundry receivables	450,308	328,270
	<b>1,410,857</b>	<b>1,332,593</b>
Amount due from a related party	31,892	23,892
Total trade and other receivables	<b>50,545,782</b>	<b>49,164,361</b>
Add: Fixed deposits (Note 6)	400,000	400,000
Cash and bank balances (Note 8)	10,126,062	17,747,320
Total loans and receivables	<b>61,071,844</b>	<b>67,311,681</b>

**Trade receivables**

Trade receivables are non-interest bearing and are generally settled on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. These receivables are not secured by any collateral or credit enhancements.

**Notes to the Unaudited Interim Financial Statements**  
**For the three-month period ended 31 March 2017**

**7. Trade and other receivables (cont'd)**

*Receivables that are past due but not impaired*

The Group has trade receivables amounting to \$8,078,424 (31 December 2016: \$6,935,086) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period/year is as follows:

	<b>31 March 2017</b>	<b>31 December 2016</b>
	<b>\$</b>	<b>\$</b>
	(Unaudited)	(Audited)
Not past due	41,024,609	40,872,790
Receivables that are past due but not impaired:		
Past due up to 30 days	2,215,833	2,853,895
Past due 31 to 60 days	2,898,210	1,332,979
Past due 61 to 90 days	1,806,374	1,281,671
Past due more than 90 days	1,158,007	1,466,541
	<u>8,078,424</u>	<u>6,935,086</u>
Total	<u>49,103,033</u>	<u>47,807,876</u>

*Receivables that are impaired*

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	<b>31 March 2017</b>	<b>31 December 2016</b>
	<b>\$</b>	<b>\$</b>
	(Unaudited)	(Audited)
Trade receivables – nominal amounts	2,551,214	1,567,941
Less: Allowance for impairment	<u>(2,551,214)</u>	<u>(1,567,941)</u>
	<u>–</u>	<u>–</u>
Movement in allowance accounts:		
At beginning of period/year	1,567,941	2,070,512
Charge for the period/year	1,087,875	1,100,556
Written off	<u>(104,602)</u>	<u>(1,603,127)</u>
At end of period/year	<u>2,551,214</u>	<u>1,567,941</u>

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

**7. Trade and other receivables (cont'd)**

Other receivables

Other receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Deposits

These amounts relate to security deposits placed with lessors to secure commercial leases on certain properties.

Amount due from a related party

The amount is non-trade in nature, unsecured, interest-free and repayable upon demand in cash. The related party refers to a company which certain directors have significant influence over.

**8. Cash and bank balances**

Cash and bank balances, representing cash and cash equivalents in the consolidated statement of cash flows, comprise cash at bank and on hand.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The bank accounts of all the subsidiaries in Singapore are pledged as security for the bank loan facility granted to the Group (Note 11). There are no restrictions on the withdrawal and these bank balances are available for the Group's day-to-day operations.

**APAC Realty Limited and its subsidiaries****Notes to the Unaudited Interim Financial Statements  
For the three-month period ended 31 March 2017****9. Trade and other payables**

	<b>31 March 2017 \$ (Unaudited)</b>	<b>31 December 2016 \$ (Audited)</b>
Trade payables and accruals	53,924,564	55,643,305
Other payables		
Deposits	195,286	191,318
GST payable	4,609,337	5,390,864
Sundry payables	1,424,228	1,384,529
	6,228,851	6,966,711
Total trade and other payables	60,153,415	62,610,016
Less: GST payable	(4,609,337)	(5,390,864)
Add: Loan and borrowing (Note 11)	10,000,000	18,000,000
Total financial liabilities carried at amortised cost	65,544,078	75,219,152

Trade payables/Other payables

These amounts are non-interest bearing and are normally settled on 30-90 day terms.

**10. Deferred income**

Deferred income relates to amounts received for rental of properties, workstations, lockers and furniture, business conference, professional indemnity insurance and miscellaneous items and will be recognised in the consolidated income statement in accordance with the revenue recognition criteria set out in Note 2.17(c).



**APAC Realty Limited and its subsidiaries****Notes to the Unaudited Interim Financial Statements  
For the three-month period ended 31 March 2017**

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**11. Loan and borrowing**

	<b>31 March 2017</b>	<b>31 December 2016</b>
	<b>\$</b>	<b>\$</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Current portion	6,000,000	6,000,000
Non-current portion	4,000,000	12,000,000
	<u>10,000,000</u>	<u>18,000,000</u>

Loan from RHB Bank Berhad, Singapore Branch at swap rate + 3.25% per annum

Pursuant to a \$40,000,000 loan facility agreement dated 29 July 2015 entered into between the Company and RHB Bank Berhad, Singapore Branch, the loan is secured by way of charge on the shares and bank accounts in all the subsidiaries in Singapore. It is repayable by half yearly instalments of \$3,000,000 each in the first 4.5 years and the balance repayable on the final maturity date, 30 June 2020. The commencement date of repayment of the loan is 31 December 2015.

For the period ended 31 March 2017, the loan bears interest ranging from 3.81% to 3.94% (31 December 2016: 3.46% to 4.87%) per annum.

During the period ended 31 March 2017, the Group made early repayment of \$8,000,000. The remaining balance was fully repaid on 31 May 2017 (Note 26).

**12. Deferred taxation**

	<b>31 March 2017</b>	<b>31 December 2016</b>
	<b>\$</b>	<b>\$</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
The deferred tax liabilities arises as a result of:		
Excess of net carrying amount over tax written down value of plant and equipment	194,000	194,000
Fair value adjustment on acquisition of franchise	4,438,400	4,478,000
	<u>4,632,400</u>	<u>4,672,000</u>

**APAC Realty Limited and its subsidiaries****Notes to the Unaudited Interim Financial Statements  
For the three-month period ended 31 March 2017****13. Share capital**

	No. of shares	\$
Issued and fully paid:		
Balance at 1 January 2016, 31 December 2016, 1 January 2017 and 31 March 2017	70,700,000	70,700,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

**14. Other revenue and other operating expenses**

Other revenue and other operating expenses included the following for the period ended 31 March:

	<b>1 January 2017 to 31 March 2017 \$ (Unaudited)</b>	<b>1 January 2016 to 31 March 2016 \$ (Unaudited)</b>
<b>Other revenue</b>		
Rental of properties, workstations, lockers and furniture	324,943	351,657
Professional indemnity insurance fees	125,425	—
Incentives, referral and administrative fees	157,835	125,096
Business conference income	484,582	373,335
Interest income from cash at bank and fixed deposits	6,765	7,029
Bad debts recovered	4,127	19,422
Sundry income	113,550	197,134
	<u>1,217,227</u>	<u>1,073,673</u>

**APAC Realty Limited and its subsidiaries**

**Notes to the Unaudited Interim Financial Statements  
For the three-month period ended 31 March 2017**

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**14. Other revenue and other operating expenses (cont'd)**

	<b>1 January 2017 to 31 March 2017 \$ (Unaudited)</b>	<b>1 January 2016 to 31 March 2016 \$ (Unaudited)</b>
<b>Other expenses</b>		
Audit fees:		
- Auditors of the Group	27,950	27,450
- Other auditors	1,259	1,306
Rental expense	650,955	737,231
Electricity and water	30,920	33,485
Facility arrangement fee	—	100,000
Legal and professional fees	6,700	7,050
Photocopy charges	37,774	42,451
Printing and stationery	11,782	28,584
Secretarial services	7,230	7,431
Telephone charges	30,910	32,403
Travel and transport expenses	12,895	43,353
Upkeep of computers and office equipment	37,090	56,704
Other administrative expenses	187,625	147,990
	<u>1,043,090</u>	<u>1,265,438</u>

**15. Finance costs**

	<b>1 January 2017 to 31 March 2017 \$ (Unaudited)</b>	<b>1 January 2016 to 31 March 2016 \$ (Unaudited)</b>
Interest expense on loan	<u>140,776</u>	<u>396,955</u>

**APAC Realty Limited and its subsidiaries**

**Notes to the Unaudited Interim Financial Statements  
For the three-month period ended 31 March 2017**

**16. Personnel cost**

	<b>1 January 2017 to 31 March 2017 \$ (Unaudited)</b>	<b>1 January 2016 to 31 March 2016 \$ (Unaudited)</b>
Directors:		
- Directors of subsidiaries		
Salary, bonus and incentive	473,568	259,659
Central Provident Fund	15,912	10,653
	<hr/>	<hr/>
	489,480	270,312
Staff:		
Salary and bonus	1,774,656	1,875,759
Central Provident Fund	251,156	249,074
Provision for leave entitlement	—	5,679
Grant income from Special Employment Credit	(13,132)	(12,699)
	<hr/>	<hr/>
	2,012,680	2,117,813
Other related expenses	100,579	57,668
	<hr/>	<hr/>
	2,602,739	2,445,793

**17. Income tax expense**

The major components of income tax expense for the period ended 31 March are:

	<b>1 January 2017 to 31 March 2017 \$ (Unaudited)</b>	<b>1 January 2016 to 31 March 2016 \$ (Unaudited)</b>
Tax expense recognised in respect of profit for the period		
Current tax	859,500	461,000
Over provision in respect of previous years	(97,562)	—
	<hr/>	<hr/>
	761,938	461,000
Deferred tax provided		
Origination and reversal of temporary differences	(39,600)	(39,600)
Over provision in respect of previous years	—	(140,400)
	<hr/>	<hr/>
Income tax expense	722,338	281,000

**Notes to the Unaudited Interim Financial Statements**  
**For the three-month period ended 31 March 2017**

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**17. Income tax expense (cont'd)**

A reconciliation of the statutory tax rate of the Group's effective tax rates applicable to profit before taxation for the period ended 31 March are as follows:

	<b>1 January 2017 to 31 March 2017 \$ (Unaudited)</b>	<b>1 January 2016 to 31 March 2016 \$ (Unaudited)</b>
Profit before tax	4,753,405	2,207,438
Tax at the domestic tax rates applicable to the profit in the countries where the Group operates	808,079	375,264
<i>Adjustments:</i>		
Non-deductible expenses	67,494	111,722
Effect of partial tax exemption and tax relief	(23,260)	(34,668)
Over provision in respect of previous years	(97,562)	(140,400)
Others	(32,413)	(30,918)
Income tax expense	722,338	281,000

The reconciliation is prepared by aggregating separate reconciliations of each national jurisdiction.

The tax rates applicable to entities in Singapore, Hong Kong and China are 17%, 16.5% and 25% respectively.

**18. Earnings per share**

Basic earnings per share are calculated by dividing profit for the year, attributable to owner of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective financial years.

**APAC Realty Limited and its subsidiaries**

**Notes to the Unaudited Interim Financial Statements  
For the three-month period ended 31 March 2017**

**18. Earnings per share (cont'd)**

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the quarters:

	<b>1 January 2017 to 31 March 2017 \$ (Unaudited)</b>	<b>1 January 2016 to 31 March 2016 \$ (Unaudited)</b>
Profit for the year attributable to owner of the Company	4,031,067	1,926,438
	No. of shares	No. of shares
Weighted average number of ordinary shares for earnings per share computation	70,700,000	70,700,000

**19. Related party transactions**

**(a) Revenue and expenses**

There is no significant transactions entered with related parties and interested parties.

**(b) Compensation of key management personnel**

	<b>1 January 2017 to 31 March 2017 \$ (Unaudited)</b>	<b>1 January 2016 to 31 March 2016 \$ (Unaudited)</b>
Remuneration of key management personnel who are either directors of the Company or directors of the subsidiaries (Note 16)	489,480	270,312
Remuneration of the 3 key management personnel who are not directors of the Company or its subsidiaries (including commission and incentives)	601,442	310,584
	1,090,922	580,896

**20. Operating lease commitments**

The Group has entered into commercial leases on certain properties. These leases have an average tenure of between two to three years with no contingent rent provision included in the contracts.

Minimum lease payments recognised as an expense in the consolidated income statement for the financial period ended 31 March 2017 amounted to \$614,601 (31 March 2016: \$675,900).

Future minimum rental payments for the non-cancellable operating leases with initial or remaining terms of one year or more are as follows:-

	<b>31 March 2017</b>	<b>31 December 2016</b>
	\$	\$
	(Unaudited)	(Audited)
Within one year	2,631,301	2,698,505
Later than one year but not later than five years	839,716	1,582,907
	<u>3,471,017</u>	<u>4,281,412</u>

**21. Financial risk management objectives and policies**

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. It is, and has been throughout the financial period under review, the Group's policy that no trading in derivatives financial instrument shall be undertaken.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages or measures the risks.

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's borrowings from financial institutions. The Group's policy is to obtain the most favourable interest rates available for its borrowings.

Surplus funds are placed with reputable banks.

Information relating to the Group's interest rate exposure is also disclosed in the notes on borrowings from financial institution (Note 11).



21. Financial risk management objectives and policies (cont'd)

(a) *Interest rate risk (cont'd)*

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 25 basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been \$6,250 (31 March 2016: \$11,250) higher/lower.

(b) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows.

At the end of the reporting period, approximately 60% (31 December 2016: 33.33%) of the Group's loan and borrowing will mature in less than one year based on the carrying amount reflected in the financial statements.

The table below summaries the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less \$	1 to 5 years \$	Over 5 years \$	Total \$
<b>31 March 2017 (unaudited)</b>				
<b>Financial assets</b>				
Fixed deposits	–	404,573	–	404,573
Trade and other receivables (Note 7)	50,545,782	–	–	50,545,782
Cash and bank balances	10,126,062	–	–	10,126,062
Total undiscounted financial assets	60,671,844	404,573	–	61,076,417
<b>Financial liabilities</b>				
Trade and other payables, excluding GST payable (Note 9)	55,544,078	–	–	55,544,078
Loan and borrowing	6,381,455	4,038,146	–	10,419,601
Total undiscounted financial liabilities	61,925,533	4,038,146	–	65,963,679
Total net undiscounted financial liabilities	(1,253,689)	(3,633,573)	–	(4,887,262)

21. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	1 year or less \$	1 to 5 years \$	Over 5 years \$	Total \$
<b>31 December 2016 (audited)</b>				
<b>Financial assets</b>				
Fixed deposits	–	408,500	–	408,500
Trade and other receivables (Note 7)	49,164,361	–	–	49,164,361
Cash and bank balances	17,747,320	–	–	17,747,320
Total undiscounted financial assets	66,911,681	408,500	–	67,320,181
<b>Financial liabilities</b>				
Trade and other payables, excluding GST payable (Note 9)	57,219,152	–	–	57,219,152
Loan and borrowing	6,669,614	13,116,024	–	19,785,638
Total undiscounted financial liabilities	63,888,766	13,116,024	–	77,004,790
Total net undiscounted financial assets/(liabilities)	3,022,915	(12,707,524)	–	(9,684,609)

(c) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The carrying amount of trade and other receivables and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile

At the end of the reporting period, almost all the Group's financial assets were due from customers located in Singapore. The Group has no significant concentration of credit risk with any single customer.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions with high credit rating and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 7.

**22. Fair values of financial instruments**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced liquidation sale.

*Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Management has determined that the carrying amounts of cash and bank balances, trade and other receivables, trade and other payables, amounts due from a related party and loan and borrowing based on their notional amounts, reasonably approximate their fair values, either due to their short-term nature or are repriced frequently.

**23. Segment information**

For management purposes, the Group is organised into business units based on their services, and has three reportable segments as follows:

- I. Brokerage income from resale and rental of properties - relates to commission and fee income from the brokerage of resale and rental of residential, commercial and industrial properties.
- II. Brokerage income from new home sales - relates to commission and fee income from the brokerage of new residential projects for sale by various developers.
- III. Others - relates to rental income from properties, workstations, lockers and furniture, incentives, referral, professional indemnity insurance and administration fees income, business conference income and miscellaneous income.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes and finance costs are managed on a group basis and are not allocated to operating segments. The Group did not disclose operating segment assets and liabilities as such measures are not monitored by and hence not provided to the chief operating decision maker.

APAC Realty Limited and its subsidiaries

Notes to the Unaudited Interim Financial Statements  
For the three-month period ended 31 March 2017

23. Segment information (cont'd)

	Brokerage income from resale and rental of properties \$	Brokerage income from new home sales \$	Others \$	Total \$
<b>Three-month period ended 31 March 2017 (unaudited)</b>				
<b>Revenue:</b>				
Real estate brokerage fees and related services	49,928,670	15,002,345	1,016,320	65,947,335
Other revenue	4,127	–	1,213,100	1,217,227
<b>Total revenue</b>	<b>49,932,797</b>	<b>15,002,345</b>	<b>2,229,420</b>	<b>67,164,562</b>
Segment results	1,555,955	2,551,319	786,907	4,894,181
Finance costs				(140,776)
<b>Profit before tax</b>				<b>4,753,405</b>
Income tax expense				(722,338)
<b>Profit net of tax</b>				<b>4,031,067</b>
<b>Others:</b>				
Interest income	–	–	6,765	6,765
Allowance for doubtful debts provided (trade)	(1,107,226)	23,657	(4,306)	(1,087,875)
Depreciation and amortisation	(129,217)	(128,135)	(102,437)	(359,789)

**APAC Realty Limited and its subsidiaries**

**Notes to the Unaudited Interim Financial Statements  
For the three-month period ended 31 March 2017**

**23. Segment information (cont'd)**

	<b>Brokerage income from resale and rental of properties \$</b>	<b>Brokerage income from new home sales \$</b>	<b>Others \$</b>	<b>Total \$</b>
<b>Three-month period ended 31 March 2016 (unaudited)</b>				
<b>Revenue:</b>				
Real estate brokerage fees and related services	42,285,788	11,636,373	1,136,172	55,058,333
Other revenue	19,377	–	1,054,296	1,073,673
<b>Total revenue</b>	<b>42,305,165</b>	<b>11,636,373</b>	<b>2,190,468</b>	<b>56,132,006</b>
Segment results	941,002	1,281,430	381,961	2,604,393
Finance costs				(396,955)
<b>Profit before tax</b>				<b>2,207,438</b>
Income tax expense				(281,000)
<b>Profit net of tax</b>				<b>1,926,438</b>
<b>Others:</b>				
Interest income	–	–	7,029	7,029
Allowance for doubtful debts provided (trade)	(387,317)	–	(1,790)	(389,107)
Depreciation and amortisation	(153,471)	(145,573)	(111,161)	(410,205)

**Geographical information**

The Group operates mainly in Singapore with revenue predominantly generated in Singapore. Accordingly, analysis of revenue and assets of the Group by geographical distribution has not been presented.

## APAC Realty Limited and its subsidiaries

### Notes to the Unaudited Interim Financial Statements For the three-month period ended 31 March 2017

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#### 24. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes within net debt, loan and borrowing, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owner of the Company. The management will continue to review and monitor the gearing ratio to be in line with the Group's policy.

No changes were made to the objectives, policies or processes during the period ended 31 March 2017 and 31 December 2016.

	<b>31 March 2017</b>	<b>31 December 2016</b>
	<b>\$</b>	<b>\$</b>
	(Unaudited)	(Audited)
Loan and borrowing (Note 11)	10,000,000	18,000,000
Trade and other payables (Note 9)	60,153,415	62,610,016
	70,153,415	80,610,016
Less: Cash and bank balances (Note 8)	(10,126,062)	(17,747,320)
	60,027,353	62,862,696
Equity attributable to the owner of the Company	82,908,350	78,877,514
Capital and net debt	142,935,703	141,740,210
<b>Gearing ratio</b>	<b>42%</b>	<b>44%</b>

#### 25. Prior period comparatives

Prior period comparative financial information for the period from 1 January 2016 to 31 March 2016 have not been audited.

#### 26. Subsequent events

- (a) On 31 May 2017, the Group refinanced the remaining loan to RHB Bank Berhad, Singapore Branch (Note 11) with a short term loan of \$10,000,000 from DBS Bank Ltd. The new loan from DBS Bank Ltd is repayable within one year from 31 May 2017. Existing charges over the shares and bank accounts that were used to secure the loan outstanding have been discharged by RHB Bank Berhad, Singapore Branch.
- (b) On 21 June 2017, the Group's wholly-owned subsidiary, Electronic Realty Associates Pte Ltd, acquired 34% ownership in Soreal Prop Pte. Ltd., a Company incorporated in Singapore, for a consideration of \$34,000.

## **APPENDIX C**

### **INDEPENDENT MARKET REPORT ON THE RESIDENTIAL REAL ESTATE BROKERAGE SECTOR**



# Independent Market Report on the Residential Real Estate Brokerage Sector

14 September 2017

**Prepared for:**  
APAC Realty Limited

# Table of Contents

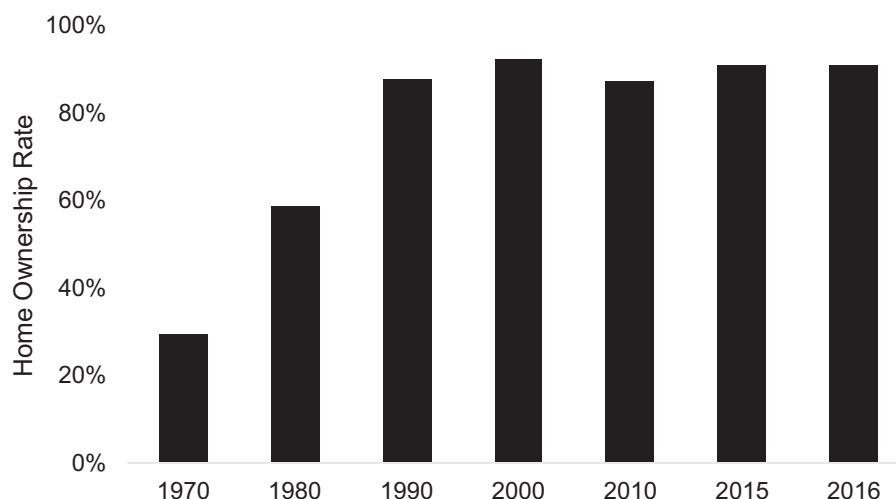
<b>Section 1: Brokerage Services Sector in Singapore .....</b>	<b>C-4</b>
1.1 Background/ Overview .....	C-4
1.2 Current Size of Market and ERA's Market Share .....	C-11
1.3 Historical Transaction Values and Market Drivers .....	C-21
1.4 Brokerage Services Sector in Other Geographies .....	C-40
1.5 Regional Market Differences .....	C-47
<b>Section 2: Other Real Estate - Related Sectors .....</b>	<b>C-49</b>
2.1 Training .....	C-49
2.2 Commercial and Industrial Leasing .....	C-50
2.3 Auction .....	C-50
2.4 Research .....	C-51
2.5 Valuation .....	C-51
2.6 Property Management (Condominium) .....	C-51
<b>Section 3: SWOT Analysis of the Company .....</b>	<b>C-53</b>
<b>Section 4: Appendix A .....</b>	<b>C-54</b>
<b>Caveats &amp; Limitations .....</b>	<b>C-61</b>

# Section 1: Brokerage Services Sector in Singapore

## 1.1 Background/ Overview

Singapore is a land scarce country with a total land area of 719.2 square kilometers, slightly larger than half the size of Hong Kong. Total population stands at 5.7 million, making Singapore one of the most densely populated countries in the world. Singapore has one of the highest resident home ownership rates in the world, at above 90%.

**Chart 1.1a Home Ownership Rates in Singapore**



Source: Singstat, as found in ([http://www.singstat.gov.sg/statistics/visualising-data/charts/home-ownership-rate-of-resident households](http://www.singstat.gov.sg/statistics/visualising-data/charts/home-ownership-rate-of-resident-households)), as extracted on 28 April 2017

Note: Singstat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

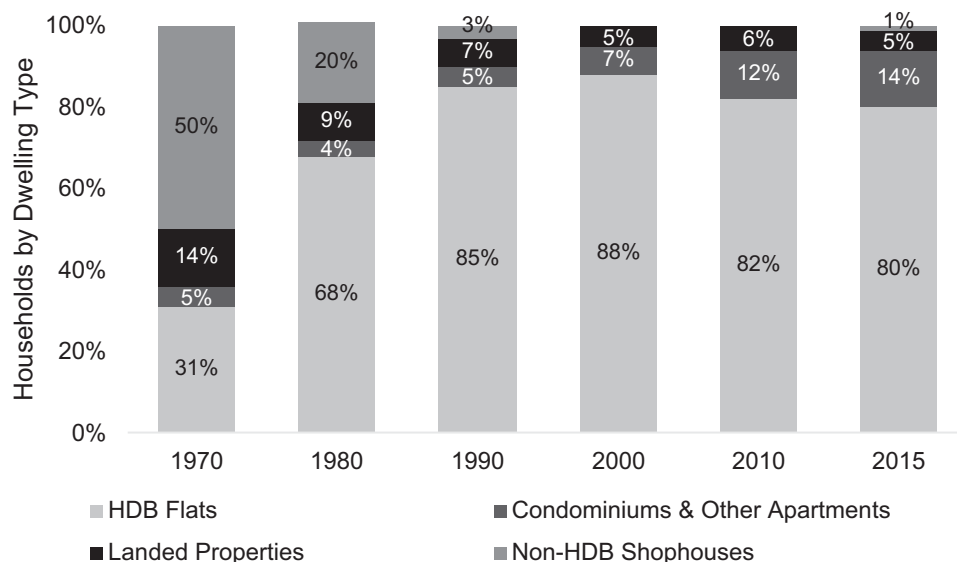
The Singapore housing landscape comprises of two distinct markets: the public housing market, otherwise known as Housing and Development Board (HDB) flats and the private property market. Singapore's public housing programme has been consistently recognised as one of the best in the world. There are 1.0 million HDB flats islandwide as of 2016, providing homes to 82% of the resident population.<sup>1</sup> The programme has since evolved to be a key source of equity and wealth formation for Singaporeans.

<sup>1</sup> The Housing and Development Board (HDB) Annual Report 2015/2016

Note: The Housing and Development Board (HDB) has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

The private housing segment consists of 372,000 private residential units (including Executive Condominiums (ECs) and landed homes) or 27% of the entire housing stock in Singapore.<sup>2</sup> ECs are a hybrid between HDB flats and private properties that come with certain eligibility criteria and selling restrictions. They cater to a selected group of Singapore citizens whose household income does not exceed \$14,000 per month. The proportion of households living in condominiums and other apartments have been increasing since 1980.

**Chart 1.1b Households by Dwelling Type**



Source: Department of Statistics Singapore, "Population Trends 2016"

Note: Numbers for % of households by dwelling type were rounded up.

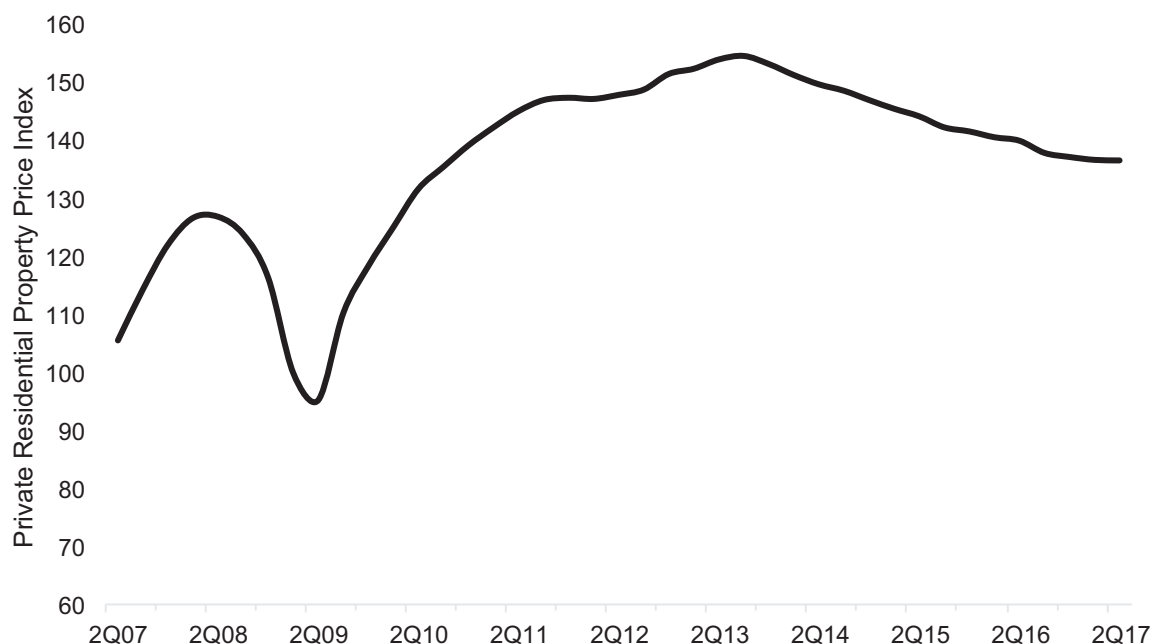
Note: The Department of Statistics Singapore has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Within the private property market, there is the luxury segment which caters to the high-end residential sector; the mid-tier segment, which caters to the upper-middle class, is usually found at city fringe locations. The mass market or suburban homes, located outside the Central Region, is more targeted towards the middle-income class, or HDB upgraders. While local buyers form the foundation of private residential transactions, the market is also supported by healthy demand from foreign investors.

The long term prospects of Singapore residential market remain positive. Since 2000, housing prices have grown at a compound annual growth rate (CAGR) of 2.3% between 2000 and 2016. Population has also grown from 4.0 million to 5.6 million, or at a CAGR of 2.1% over the same period. Moreover, Singapore has one of the most open economies in Asia in terms of trade, capital inflows and foreign labour inflows, and is also home to the largest number of multinational companies in the Asia-Pacific region, housing approximately 4,200 regional headquarters (RHQs). Global technology, media and telecommunications companies, including Google, Facebook, Microsoft, Huawei and IBM, have been attracted by Singapore's favourable legal environment, low tax regime and diversity of economic base and have set up RHQs in Singapore. Being attracted to the highly skilled labour force, Asian companies have also increasingly set up offices in Singapore, treating it as their gateway to the world.

<sup>2</sup> Ng Jun Sen. "Parliament: HDB flats made up 73% of Singapore's total housing stock in 2016" The Straits Times, 8 May 2017

Note: Ng Jun Sen and The Straits Times have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.



**Chart 1.1c Private Residential Property Price Index (include EC)**

Source: Information on Private Residential Property Price Index obtained from URA REALIS, data accessed on 11 August 2017, Cushman & Wakefield Research

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Singapore has a deep and liquid real estate market. According to data from Real Capital Analytics, Singapore's cross-border and domestic real estate investment across all real estate sectors stands at US\$13.5 billion in 2016, which makes Singapore the 6<sup>th</sup> largest Asia Pacific real estate investment destination after China, Australia, Japan and Hong Kong and South Korea.<sup>3</sup> Foreign investments in Singapore properties also reached a 9-year high in 2016 at \$8.9 billion from \$5.5 billion in 2015, the best result since the \$15.3 billion outlay in 2007, before the global financial crisis hit. Moving forward, growth momentum in foreign investment is likely to be sustained in 2017,<sup>4</sup> especially with the introduction of government measures by other countries in recent years, which is likely to make Singapore an attractive market for investment. Australia introduced a capital-gains tax for foreigners, at 12.5% for properties

<sup>3</sup> Information obtained from Real Capital Analytics Database, data accessed on 28 April 2017

Note: Real Capital Analytics has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>4</sup> Wong Siew Ying. "Foreign investments in Singapore property at nine-year high" The Straits Times, 4 December 2016

Note: Wong Siew Ying and The Straits Times have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

worth more than A\$750,000 in July 2017. States such as New South Wales, Victoria and Queensland have also raised the stamp duty for foreign property buyers. London has also in recent years imposed a capital-gains tax on foreigners, and raised the stamp duty for buy-to-let properties.<sup>5</sup>

**Table 1.1d Most Active Markets (Both Cross Border and Domestic Investments Across All Real Estate Sectors)**

Country	Transaction Value in 2016 (US\$)
China	463,793,368,575
Australia	42,032,151,696
Japan	41,427,809,791
Hong Kong	29,206,706,817
South Korea	15,150,839,343
Singapore	13,451,249,374
Taiwan	5,273,276,603
Malaysia	3,548,837,206
New Zealand	3,350,047,805
Thailand	1,432,525,462
Philippines	978,064,359
Vietnam	740,496,669
Indonesia	438,478,929
Macao	354,719,662
Myanmar	92,612,250
Cambodia	14,300,000

Source: Data obtained from Real Capital Analytics Database, accessed on 28 July 2017

Note: Real Capital Analytics generally only captures large publicly available transactions, typically in the range of US\$10 million or more.

Note: Real Capital Analytics has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Low interest rates and strong demand continue to drive prices up in most Asian markets. Despite the rolling out of tax-based and other restrictive policies by various governments to cool the housing market, Singapore seems to be the only major market where prices are effectively contained when housing prices in other major cities such as Hong Kong and Shanghai continue to climb between 2013 and 2016.<sup>6</sup>

<sup>5</sup> Lee Meixian. "Property-bound Singapore capital now prefers home turf" The Business Times, 20 July 2017

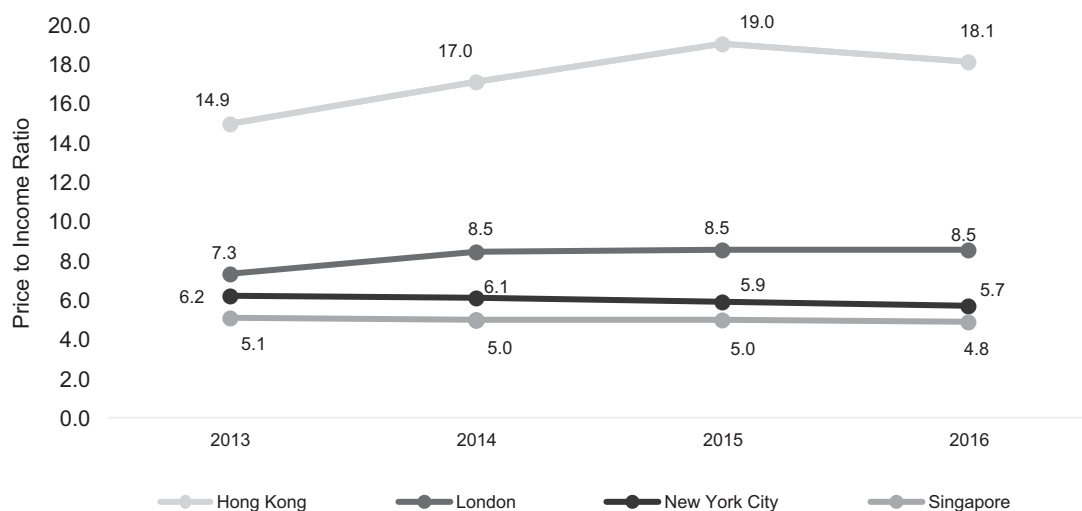
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<sup>6</sup> Emerging Trends in Real Estate Asia Pacific 2017 by PwC, dated November 2016

Note: PwC has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

As at 2016, Singapore's housing price to income ratio of 4.8 is the lowest among the global “superstar” cities such as New York, London and Hong Kong with Hong Kong's ratio at 18.1<sup>7</sup>, thus making it an attractive market in terms of value. According to the Julius Baer Wealth Report: Asia 2016, a 4,000 sq ft residential property in a prime location in Singapore costs US\$8.9 million as compared to US\$41.2 million and US\$16.6 million in Hong Kong and Shanghai respectively.<sup>8</sup> In Hong Kong, smaller homes, as termed as “nano” flats by the Hong Kong media are a result of spiraling property prices and such homes, which are less than 200 sf, cost about S\$725,000 on average. In comparison, a so called shoebox apartment in Singapore is usually about 400 sf and costs around S\$500,000.<sup>9</sup>

**Chart 1.1e Housing Affordability of Key Cities**



Source: Data for price to income ratio in 2013 extracted from 10<sup>th</sup> Annual Demographia International Housing Affordability Survey 2014, data for price to income ratio in 2014 extracted from 11<sup>th</sup> Annual Demographia International Housing Affordability Survey 2015, data for price to income ratio in 2015 extracted from 12<sup>th</sup> Annual Demographia International Housing Affordability Survey 2016, data for price to income ratio in 2016 extracted from 13<sup>th</sup> Annual Demographia International Housing Affordability Survey 2017, extracted on 28 April 2017, compiled by Cushman & Wakefield Research.

Note: Demographia began publishing price to income ratio data for Singapore only in 2013.

Note: Demographia has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>7</sup> 13<sup>th</sup> Annual Demographia International Housing Affordability Survey 2017, data for 3<sup>rd</sup> Quarter 2016

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<sup>8</sup> Julius Baer Wealth Report: Asia, published October 2016

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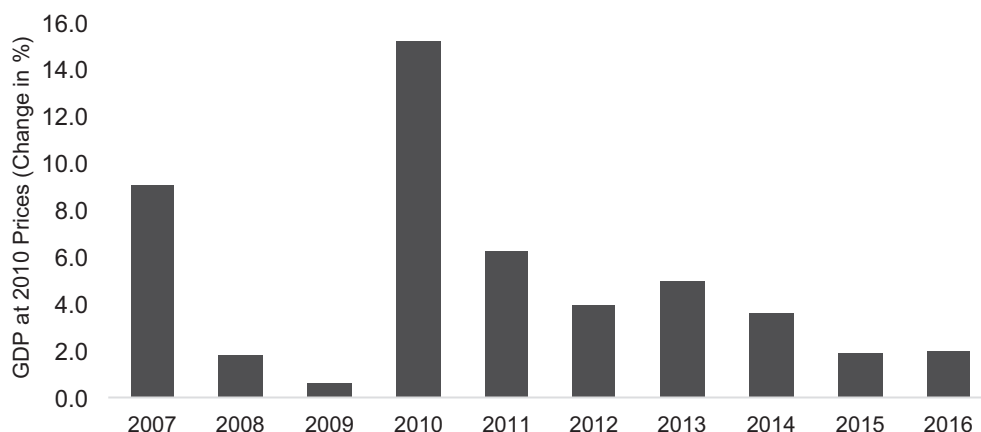
<sup>9</sup> Joyce Lim. “Rise of “nano” flats in Hong Kong” The Straits Times, 14 May 2017

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Despite the slower population growth rate of between 1.2% and 1.6% annually from 2013 to 2016, the population is still expected to reach the 6.9 million target set out by the Population White Paper.<sup>10</sup> The Singapore government has set aside land for 700,000 more homes to be built by 2030 in anticipation of the population growing to 6.9 million.<sup>11</sup> With the Singapore's GDP growth projected to expand at about 2.0 - 3.0% annually on average, it will outperform other developed economies and support income growth.<sup>12</sup> This will help to support and sustain property prices in the long run, although cyclical performance of the property prices is inevitable due to the nature of the economic and real estate cycle.

**Chart 1.1f GDP at 2010 Prices (Change in %)**



Source: Singstat, as found in (<http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=12359>) as extracted on 28 April 2017

Note: Singstat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>10</sup> Population White Paper: A Sustainable Population for a Dynamic Singapore, MTI, published 8 February 2013.

Note: Singapore's population is projected to reach 6.5 - 6.9 million by 2030. This will comprise a resident population of 4.2 to 4.4 million, of which 3.6 to 3.8 million are citizens and the rest Permanent Residents. Non-residents will make up about 2.3 to 2.5 million.

Note: MTI has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>11</sup> Jessica Cheam. "Land set aside to build 700,000 more homes by 2030", The Straits Times, 29 January, 2013

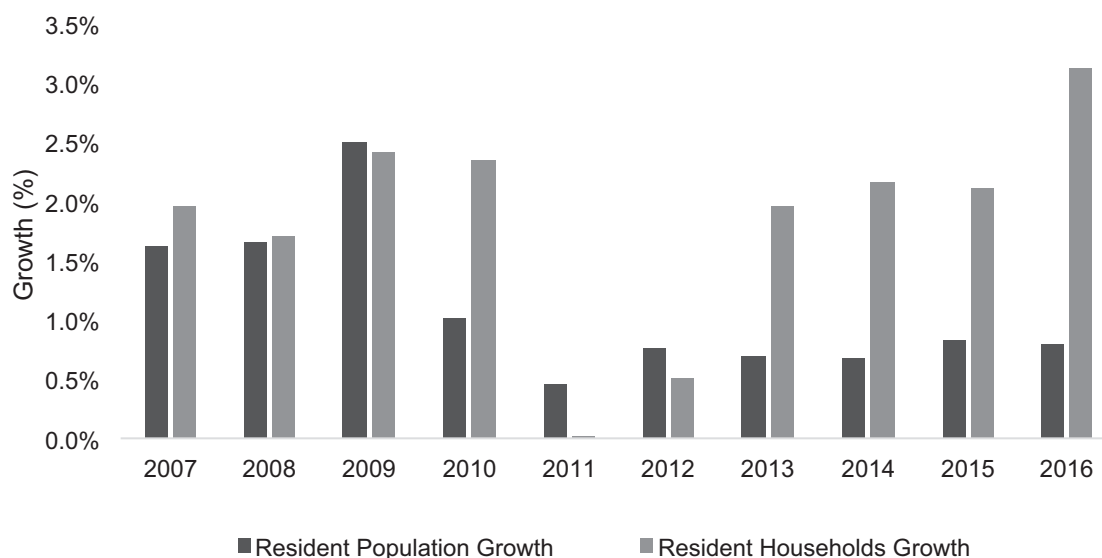
Note: Jessica Cheam and The Straits Times have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>12</sup> Report of the Committee on the Future Economy, Committee members of CFE, published February 2017

Note: The Committee members of CFE has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Household formation has been relatively robust, outpacing population growth since 2013. This reflects a sharp fall in average household size. This is attributed to shifting trends in household formation, in particular nuclear families becoming smaller over time, resulting in decreasing heads per household. This trend is expected to persist and will become the primary driver of demand for the residential market. It is estimated that by 2030, one in five households in Singapore would be occupied by just one person, up from one in eight in 2010.<sup>13</sup> This bodes well for the residential market.

**Chart 1.1g Increase in Resident Households has Outpaced Resident Population Growth in Recent Years**



Source: Data on resident households obtained from Singstat, as found in (<http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=12359>) as extracted on 28 April 2017.

Data on resident population obtained from Singstat, as found in (<http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=1347>) as extracted on 28 April 2017.

Note: Singstat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

### 1.1.1 Real Estate Brokerage Business in Singapore

Salespersons, commonly known as property agents, are individuals who practise estate agency transactions in expectation of a commission in relation to a property transaction. Property agents can represent a client such as a seller/landlord or a buyer/tenant to facilitate a property transaction. Bound by the Estate Agents Act, agents are not allowed to represent both parties in a single transaction. Even if the agent serves both parties in a single transaction, he can only collect commission from one party to avoid any potential conflict of interest. There is no single standard sales commission rate imposed by the industry. Commission rates may vary, depending on the health of the property market, urgency to transact by the client and complexity of the deal. Currently, the typical commission paid from agencies to agents ranges from 70-90% in the industry, depending on the experience and performance of the salesperson.

<sup>13</sup> Lynette Khoo. "Property prices in Singapore to double by the year 2030: Morgan Stanley" The Business Times, 14 April 2017

Note: Lynette Khoo and The Business Times have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

## 1.2 Current Size of Market and ERA's Market Share

The following table provides a summary of the overall market size and ERA's market share for the various brokerage business segments.

**Table 1.2a Market Share Based on Value of Residential Units Transacted**

Brokerage	Market Size in 2016 (S\$m)	ERA's Market Share in 2016
<b>Residential</b>	<b>45,809.0</b>	<b>38%</b>
Sales	38,460.3	41%
- HDB Resale	8,516.4	52%
- Private (Including ECs)	29,943.8	38%
- Primary Residential	12,642.0	43%
- Secondary Residential	17,301.8	35%
Leasing	7,348.7	18%
- HDB	-*	-*
- Private Residential	7,348.7	18%

**Table 1.2b Market Share Based on Number of Residential Units Transacted**

Brokerage	Market Size in 2016 (no. of units)	ERA's Market Share in 2016
<b>Residential</b>	<b>159,958</b>	<b>30%</b>
Sales	39,663	48%
- HDB Resale	19,410	53%
- Private (Including ECs)	20,253	43%
- Primary Residential	11,565	41%
- Secondary Residential	8,688	45%
Leasing	120,295	25%
- HDB	44,530	24%
- Private Residential	75,765	25%

Note: Secondary market transaction value excludes en-bloc deals and land transactions worth \$80 million or more. There is no breakdown of market share info if transactions involve both the buyer's and seller's agent.

\*Data on ERA's market share in 2016 for HDB rental market based on value of residential units is unavailable.

Refer to Appendix A for historical market share.

Source: Information on value and number of private residential units transacted was obtained from URA Real Estate Information System (REALIS), data accessed on 28 April 2017. Information on value and number of HDB units transacted was obtained from HDB Resale Statistics, found in ([www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics](http://www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics)) as extracted on 28 April 2017. ERA's market share in 2016 was calculated by Cushman & Wakefield Research.

Note: The Urban Redevelopment Authority (URA) and the Housing and Development Board (HDB) have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

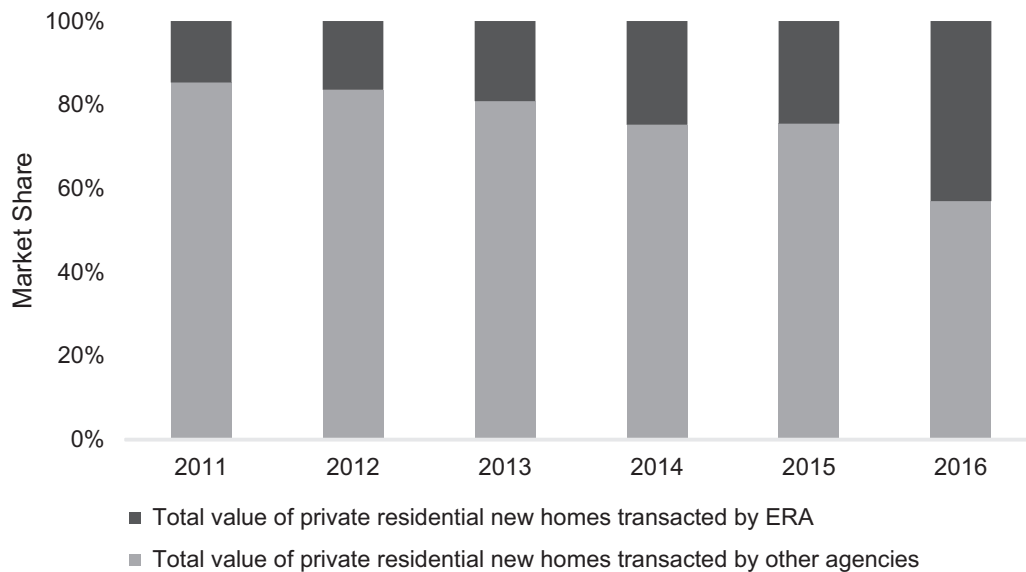
### 1.2.1 Private Primary Residential Market

Demand for the private new home sales market has also revived over the last few quarters. The total number of private primary residential sales stood at 11,565 units in 2016, up from 9,987 units in 2015 and 8,211 units in 2014. 1Q2017 also landed on a strong footing with 3,828 units transacted, an 81% year-on-year (y-o-y) increase from 2,117 units in 1Q2016.

Total market value of private residential new transactions amounted to approximately \$12.6 billion in 2016. ERA's market share in the Singapore private primary residential market has grown significantly

over the past six years as its network expanded. Its market share based on transaction volume stood at 41% in 2016, compared to 16% in 2011. Its market share based on transaction value stood at 43% in 2016, up from 15% in 2011.

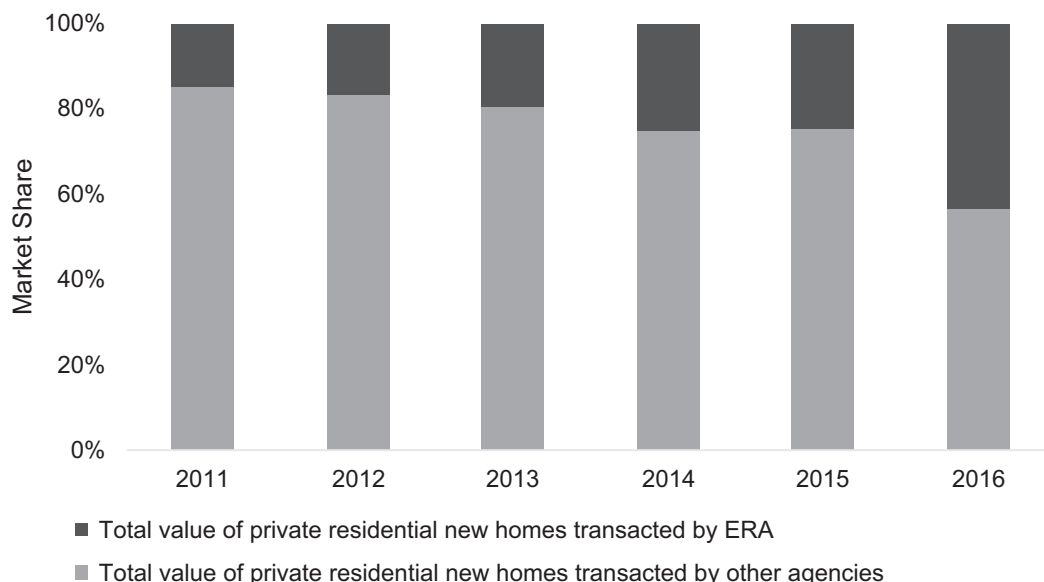
**Chart 1.2.1a Market Share of ERA, Private Primary Residential Market (By Number of Units)**



Source: Information on number of private residential new homes transacted in Singapore was obtained from URA REALIS, data accessed on 28 April 2017. Information on number of private residential new homes transacted by ERA was obtained from ERA. ERA's market share was calculated by Cushman & Wakefield Research.

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

**Chart 1.2.1b Market Share of ERA, Private Residential Primary Market (By Transaction Value)**



Source: Information on value of private residential new homes transacted in Singapore was obtained from URA REALIS, data accessed on 28 April 2017. Information on value of private residential new homes transacted by ERA obtained from ERA. ERA's market share was calculated by Cushman & Wakefield Research.

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**Table 1.2.1c Projects with ERA as Appointed Marketing Agent**

**Projects Launched in 2016**

No.	Project	No. of Units
1	Cairnhill Nine	268
2	The Wisteria	216
3	Wandervale (EC)	534
4	Sturdee Residences	305
5	The Visionaire (EC)	632
6	Gem Residences	578
7	Northwave (EC)	358
8	Treasure Crest (EC)	504
9	Victoria Park Villas	109
10	Forest Woods	519
11	The Alps Residences	626
12	Parc Riviera	752
13	Straits Mansions	25
14	Terra Villas	7
		5,433

Source: ERA, Cushman & Wakefield Research

Note: Appointment includes both sole and joint marketing.

**Table 1.2.1d Projects with ERA as Appointed Marketing Agent**

**Projects Launched in 2015**

No.	Project	No. of Units
1	Kingsford Waterbay	1165
2	Marine Blue	124
3	Signature at Yishun (EC)	525
4	Symphony Suites	660
5	The Brownstone (EC)	638
6	The Criterion (EC)	505
7	The Poiz Residences	731
8	The Vales (EC)	517
9	Thomson Impressions	288
10	Westwood Residences (EC)	480
11	Neem Tree	84
12	Ardmore Three	84
		5,801

Source: ERA, Cushman & Wakefield Research

Note: Appointment includes both sole and joint marketing.

ERA has established its presence throughout different segments of the residential brokerage market. In particular, it has established itself as one of the market leaders in project marketing. Other major players in project marketing include Huttons, whose strength lies in mass market projects, and Savills and Knight Frank who are stronger in project marketing for luxury developments.

Out of the 19 projects launched in 2015, 12 projects (representing 47% of the total number of units) were awarded to ERA either as sole or joint project marketing agent. Out of the 23 projects launched in 2016, 14 projects (representing 66% of the total number of units launched) were awarded to ERA either as sole or joint project marketing agent.

2017 looks to be another strong year for the firm in this segment. It has secured key appointments for The Clement Canopy (505 units), Grandeur Park Residences (720 units), Seaside Residences (841 units), Park Place Residence at PLQ (429 units), iNz Residence (497 units), Martin Modern (450 units),

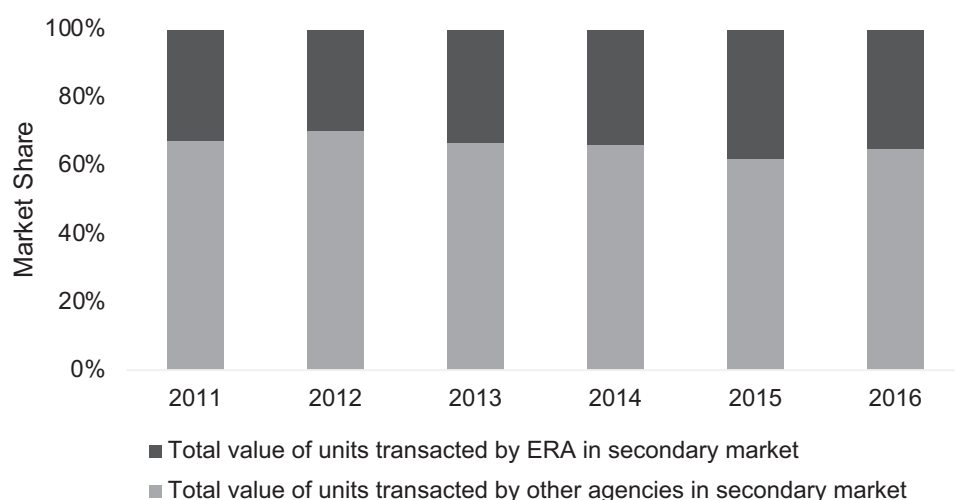
Hundred Palms Residences (520 units) and Le Quest (516 units) as of 4 September 2017, either as a sole or joint project marketing agent. This contributed to 91% of the total number of units in all new project launches from January to 4 September 2017 which have engaged marketing agents.

### 1.2.2 Private Residential Secondary Market

Total transaction value in the secondary market (including both subsale and resale transactions) was approximately \$17.3 billion as of 2016. Total number of transactions in the secondary market was 8,688 units in 2016, 25% and 51% higher than the 6,954 and 5,770 units in 2015 and 2014 respectively. 1Q2017 also saw 2,346 units being transacted, up from 1,547 units in 1Q2016.

ERA had a market share of 35% in 2016 in terms of total transaction value in the secondary market, while its market share was 45% in terms of transaction volume. Through its larger network of agents, between 2011 and 2015, ERA grew its market share steadily from 33% to 38% in terms of transaction value and from 40% to 49% in terms of transaction volume. There was a decline in market share in 2016 for both transaction volume and value compared to the preceding year. This was likely due to the allocation of more resources to the primary market segment after it clinched more project marketing appointments in 2016.

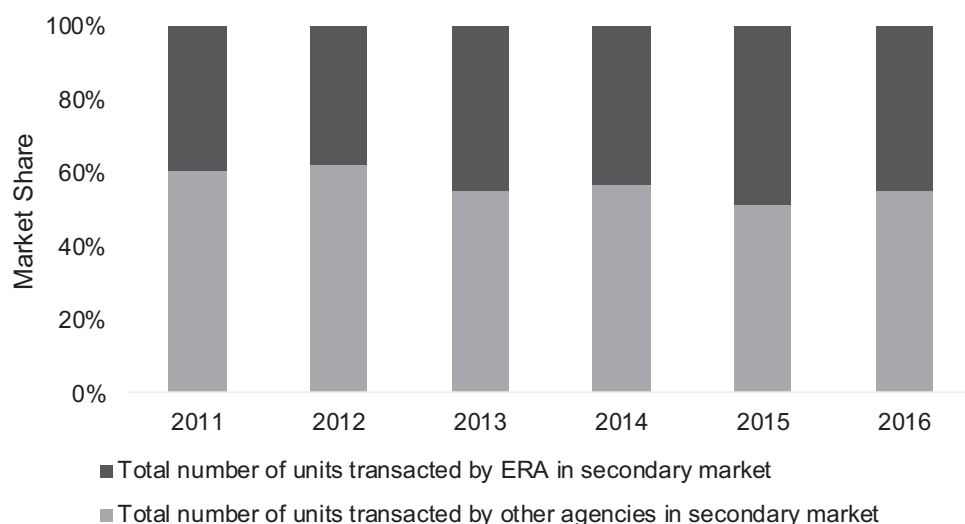
**Chart 1.2.2a Market Share of ERA, Private Residential Secondary Market (By Transaction Value)**



Source: Information on value of private secondary transactions in Singapore was obtained from URA REALIS, data accessed on 28 April 2017. Information on value of units transacted by ERA in the private secondary market was obtained from ERA. ERA's market share was calculated by Cushman & Wakefield Research.

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

**Chart 1.2.2b Market Share of ERA, Private Residential Secondary Market (By Number of Units)**



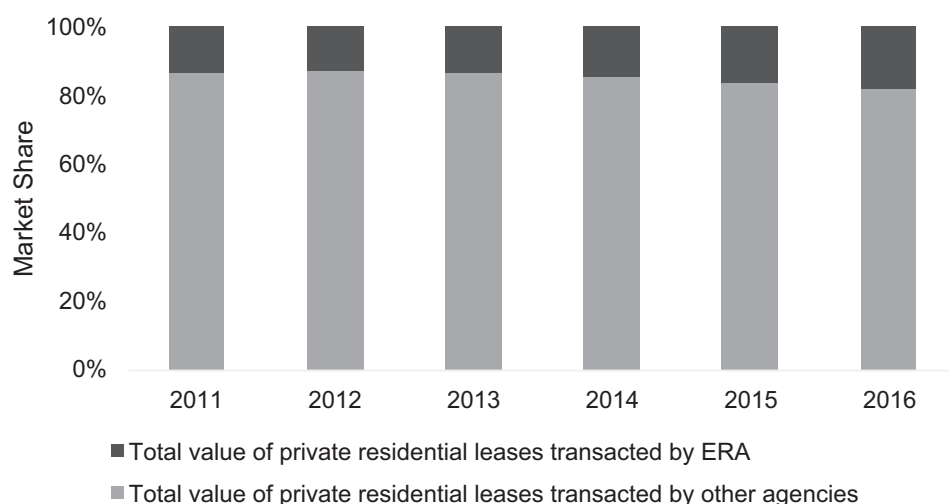
Source: Information on number of private secondary transactions in Singapore was obtained from URA REALIS, data accessed on 28 April 2017. Information on number of units transacted by ERA in the private secondary market was obtained from ERA. ERA's market share was calculated by Cushman & Wakefield Research.

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

### 1.2.3 Private Residential Leasing Market

As of 2016, total market value of private residential leasing deals amounted to \$7.4 billion. Total number of leases transacted was 75,765 in 2016, higher than 70,329 and 62,962 leases in 2015 and 2014 respectively. Leasing volume also improved in 1Q2017 with 18,896 leases, reflecting a 9% increase from 17,322 leases in 1Q2016. ERA had a market share of 18% in 2016 in terms of total value of private residential leases transacted. In terms of total number of leases transacted in 2016, ERA had a market share of 25%.

**Chart 1.2.3a Market Share of ERA, Private Residential Leasing Market (By Transaction Value)**



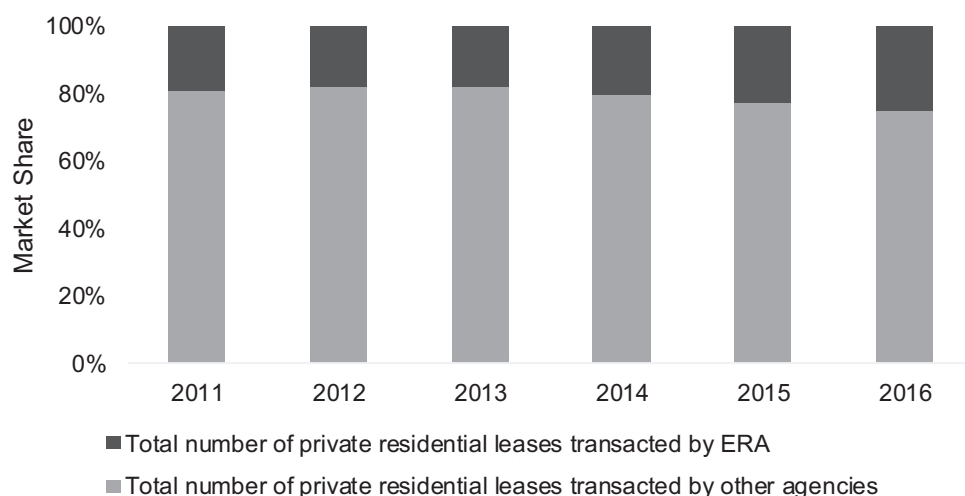
Source: Information on value of private residential leases transacted in Singapore was obtained from URA REALIS, data accessed on 28 April 2017. Information on value of private residential leases transacted by ERA was obtained from ERA. ERA's market share was calculated by Cushman & Wakefield Research.

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that



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**Chart 1.2.3b Market Share of ERA, Private Residential Leasing Market (By Number of Units)**



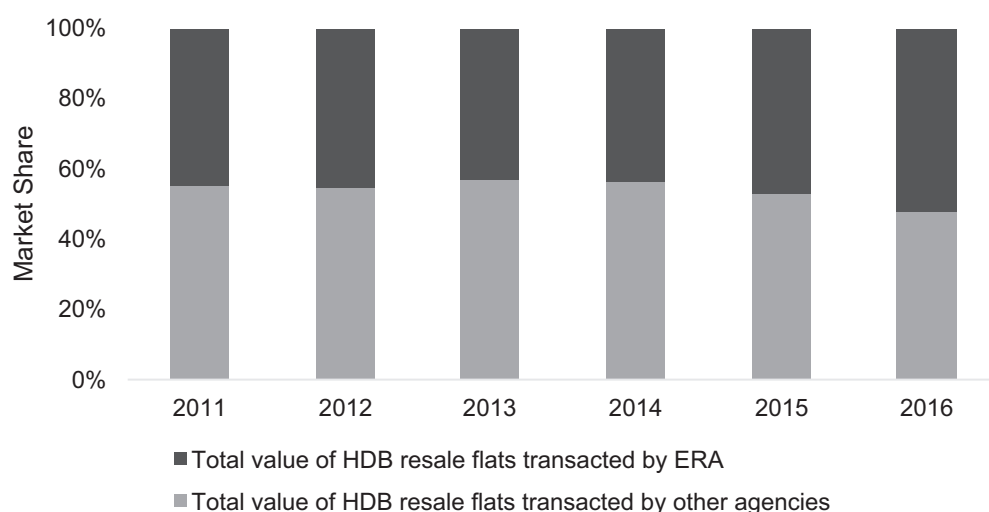
Source: Information on number of private residential leases transacted in Singapore was obtained from URA REALIS, data accessed on 28 April 2017. Information on number of private residential leases transacted by ERA was obtained from ERA. ERA's market share was calculated by Cushman & Wakefield Research.

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#### 1.2.4 HDB Resale Market

Resale HDB transaction volume rose for a second consecutive year in 2016, as stabilising prices in the resale market helped to fuel transaction activity. Resale HDB transaction volume tallied at 19,410 units in 2016, 19,033 units in 2015 and 16,096 units in 2014. In 1Q2017, HDB resale transaction volume stood at 4,530 units, an uptick from 4,449 units over the same period in the preceding year. ERA's market share in terms of transaction value in the resale HDB segment stood at 52% in 2016, up from 47% in the preceding year. ERA's market share by transaction volume in the resale HDB segment stood at 53% in 2016, up from 48% in 2015.

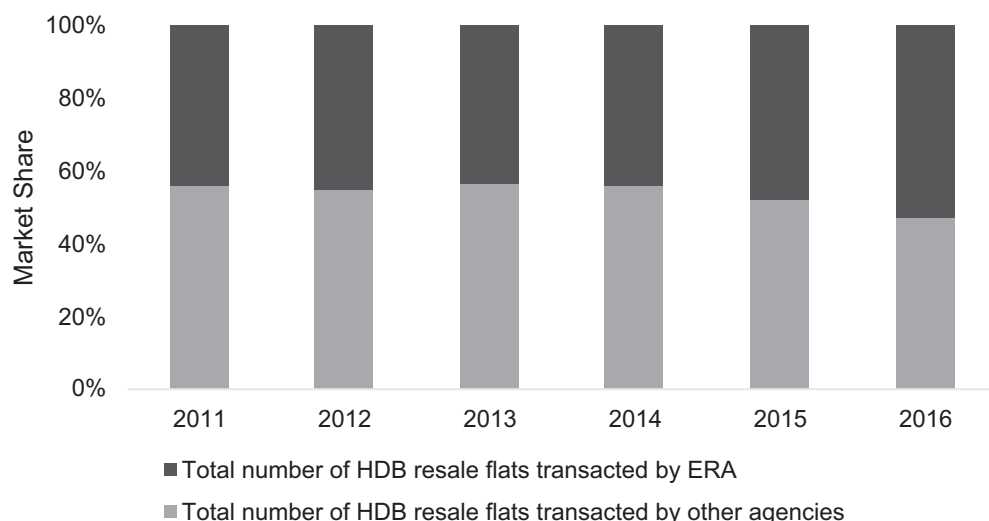
**Chart 1.2.4a Market Share of ERA, HDB Resale Market (By Transaction Value)**



Source: Information on value of HDB resale flats transacted in Singapore was obtained from HDB Resale Statistics, found in ([www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics](http://www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics)), as extracted on 28 April 2017. Information on value of HDB resale flats transacted by ERA was obtained from ERA. ERA's market share was calculated by Cushman & Wakefield Research.

Note: HDB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

**Chart 1.2.4b Market Share of ERA, HDB Resale Market (By Number of Units)**

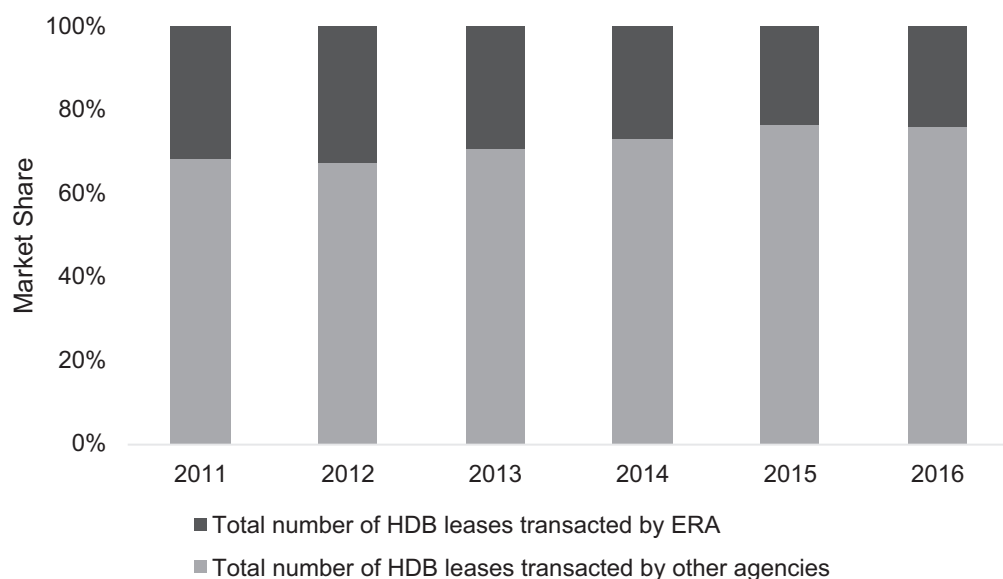


Source: Information on number of HDB resale flats transacted in Singapore was obtained from HDB Resale Statistics, found in ([www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics](http://www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics)) as extracted on 28 April 2017. Information on number of HDB resale flats transacted by ERA was obtained from ERA. ERA's market share was calculated by Cushman & Wakefield Research.

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### 1.2.5 HDB Leasing Market

The leasing market for HDB has been relatively active for the past 3 years. 44,530 applications were approved for subletting in 2016, as compared to 41,531 applications in 2015 and 36,228 applications in 2014. However, leasing momentum weakened in 1Q2017 with 9,981 applications being approved, compared to 11,239 applications in 1Q2016. Volume of HDB rentals increased at a CAGR of 11.3% from 2011 to 2016, while the number of HDB leases transacted by ERA only increased at a CAGR of 5.1% over the same period. This was likely due to the allocation of resources towards more profitable segments such as project marketing in the primary home sales market. This resulted in a lower market share of 24% in 2016, from 32% in 2011.

**Table 1.2.5 Market Share of ERA, HDB Leasing Market (By Number of Leases)**

Source: Information on number of HDB leases transacted in Singapore was obtained from HDB Rental Statistics as found in ([www.hdb.gov.sg/cs/infoweb/residential/renting-a-flat/renting-from-the-open-market/rental-statistics](http://www.hdb.gov.sg/cs/infoweb/residential/renting-a-flat/renting-from-the-open-market/rental-statistics)), as extracted on 28 April 2017. Information on number of HDB leases transacted by ERA was obtained from ERA. ERA's market share was calculated by Cushman & Wakefield Research.

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### 1.2.6 Historical Market Position

There were a total of 1,319 agencies and 29,466 agents in Singapore that were registered with the Council of Estate Agents (CEA) as of 31 March 2017. Registered real estate agents from the top 10 largest real estate agencies make up 75% of all agents in Singapore.

**Table 1.2.6a Registered Agents for Top 10 Agencies**

*No. of Registered Agents*

Real Estate Agency	January						Mar 2017
	2012	2013	2014	2015	2016	2017	
1 ERA Realty	4,613	4,874	5,138	5,707	5,947	5,885	6,223
2 Propnex Realty	3,919	4,438	5,151	5,357	5,506	5,560	5,706
3 Huttons Asia	2,162	2,623	3,199	3,179	2,852	2,919	3,024
4 Orangetee.com	2,362	2,414	1,978	1,850	2,348	2,343	2,444
5 Edmund Tie & Company Property Network	1,982	2,048	1,934	1,835	1,387	1,152	1,123
6 Dennis Wee Realty	1,946	1,415	1,321	1,331	1,186	1,005	1,054
7 Savills Residential	869	895	766	738	700	732	708
8 Global Alliance Property (C21 / GA)	493	557	644	466	666	709	626
9 Knight Frank Property Network	586	1,027	928	792	621	765	662
10 HSR International	1,971	1,707	1,372	1,056	578	478	492
Total for Top 10 Agencies	20,903	21,998	22,431	22,311	21,791	21,548	22,062
Others	9,674	9,042	9,352	8,519	7,471	6,849	7,404
Total	30,577	31,040	31,783	30,830	29,262	28,397	29,466

% of Total Agents

Real Estate Agency	January						Mar 2017
	2012	2013	2014	2015	2016	2017	
1 ERA Realty	15%	16%	16%	19%	20%	21%	21%
2 Propnex Realty	13%	14%	16%	17%	19%	20%	19%
3 Huttons Asia	7%	8%	10%	10%	10%	10%	10%
4 Orangetee.com	8%	8%	6%	6%	8%	8%	8%
5 Edmund Tie & Company Property Network	6%	7%	6%	6%	5%	4%	4%
6 Dennis Wee Realty	6%	5%	4%	4%	4%	4%	4%
7 Savills Residential	3%	3%	2%	2%	2%	3%	2%
8 Global Alliance Property (C21 / GA)	2%	2%	2%	2%	2%	2%	2%
9 Knight Frank Property Network	2%	3%	3%	3%	2%	3%	2%
10 HSR International	6%	5%	4%	3%	2%	2%	2%
Total for Top 10 Agencies	68%	71%	71%	72%	74%	76%	75%
Others	32%	29%	29%	28%	26%	24%	25%
Total	100%	100%	100%	100%	100%	100%	100%

No. of Registered Agents (y-o-y Change)

Real Estate Agency	January						Mar 2017
	2012	2013	2014	2015	2016	2017	
1 ERA Realty		6%	5%	11%	4%	-1%	5%
2 Propnex Realty		13%	16%	4%	3%	1%	4%
3 Huttons Asia		21%	22%	-1%	-10%	2%	6%
4 Orangetee.com		2%	-18%	-6%	27%	0%	4%
5 Edmund Tie & Company Property Network		3%	-6%	-5%	-24%	-17%	-19%
6 Dennis Wee Realty		-27%	-7%	1%	-11%	-15%	-11%
7 Savills Residential		3%	-14%	-4%	-5%	5%	1%
8 Global Alliance Property (C21 / GA)		13%	16%	-28%	43%	6%	-6%
9 Knight Frank Property Network		75%	-10%	-15%	-22%	23%	7%
10 HSR International		-13%	-20%	-23%	-45%	-17%	-15%
Total for Top 10 Agencies		5%	2%	-1%	-2%	-1%	1%
Others		-7%	3%	-9%	-12%	-8%	-1%
Total		2%	2%	-3%	-5%	-3%	1%

Source: CEA public register, found in ([www.cea.gov.sg/public-register](http://www.cea.gov.sg/public-register)) as extracted on 28 April 2017

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As of 31 March 2017, ERA had the largest number of registered real estate agents in Singapore with 6,223 agents, equivalent to 21% of all agents in Singapore. ERA has a strong track record of retaining and recruiting agents, even when the agency market has become less favourable over the last three years when property cooling measures were being put in place. The industry experienced a decline in both the number of agencies and registered agents after the imposition of the Total Debt Servicing Ratio (TDSR) framework, which resulted in a sharp reduction in property transaction volume. Between 2013 and 2015, ERA's agent base grew by 17.1%, while other real estate agencies such as Orangetee.com, Edmund Tie & Company Property Network, Dennis Wee Realty, Knight Frank Property Network and HSR International suffered a decline in the agency strength over the same period. This has enabled ERA to expand its market coverage.

Coldwell Banker, which is operated by APAC Realty (the same parent company as ERA), added seven new franchisees last year to a total of 11 franchisees in Singapore. As a result of the addition, Coldwell Banker is likely to benefit from ERA's resources, technology, branding and network.

ERA's gross commissions grew by 20% or more in 2016 as the firm focused on serving sellers and developers, as well as diversifying its revenue sources by market segments. ERA also closed over 52,000 property transactions worth S\$19 billion in 2016, up from over 35,000 transactions with a total property value of about \$17 billion in 2011.<sup>14</sup> Its profit in 2016, at \$15.9 million was also one of the highest in the industry. The use of technology has enabled the firm to improve its productivity, allowing its agents to give strategic advice to its clients on the most updated selling prices and trends.

There has been some active consolidation in the agency market. On June 12, 2017, real estate agency PropNex announced that it would merge with Dennis Wee Group (DWG). The agency said that with the merger, the total strength of the merged agency would be close to 7,000. This would edge it ahead of ERA, which had been the largest real estate agency here with 6,223 agents as at 31 March 2017.

OrangeTee.com and Edmund Tie & Company on 28 August 2017 announced the launch of a joint venture (JV) company, OrangeTee & Tie, between the associate agency division of OrangeTee and Edmund Tie & Company Property Network. The combined entity will be more than 4,000-strong, making it the third-largest associate agency in Singapore, after the merged entity of PropNex Realty and Dennis Wee Group (DWG), as well as ERA Realty Network.<sup>15</sup>

**Table 1.2.6b Top Agencies and Their Respective Agent Count as at 10 July 2017**

Rank	Estate Agency	No. of Agents
1	Propnex Realty	6,688
2	ERA Realty	6,176
3	Huttons Asia	3,129
4	OrangeTee.com	2,795
5	Edmund Tie & Company Property Network	1,126

Source: CEA public register, found in ([www.cea.gov.sg/public-register](http://www.cea.gov.sg/public-register)) as extracted on 28 July 2017

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<sup>14</sup> Lynette Khoo. "ERA owners exploring IPO for S'pore's biggest property agency" The Business Times, 1 March, 2017

Note: Lynette Khoo and The Business Times have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>15</sup> Lee Meixian. "Singapore property agencies OrangeTee, Edmund Tie & Co form joint venture" The Business Times, 28 August 2017

Note: Lee Meixian and The Business Times have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

## 1.3 Historical Transaction Values and Market Drivers

### 1.3.1 Economy

Singapore's economic growth in 2016 was better than expected. According to figures released by the Ministry of Trade and Industry (MTI), 2016 GDP growth stood at 2.0%, above the government's earlier forecast of between 1.0% and 1.5%.<sup>16</sup> In 1Q2017, GDP grew by 2.5% y-o-y, with strong improvements in the manufacturing and services sectors underpinning economic growth.

### 1.3.2 Residential Market

#### 1.3.2.1 HDB Resale

The housing division of Ministry of National Development (MND) works with HDB to plan and develop public housing towns. As of 2016, as many as 82% of Singaporeans lived in HDB flats. HDB flats are generally sold on a 99-year lease agreement. There are certain criteria which buyers have to fulfill in order to qualify for the purchase of government subsidised flats. The buyer must be a Singapore Citizen, or Permanent Resident (PR), be at least 21 years of age, and has a monthly household income not exceeding \$12,000. Flat owners may only sell his/her flat if he/she has met the Minimum Occupation Period (MOP) requirement of 5 years, which was introduced to help reduce speculative activities. Those who are not eligible for buying new flats directly from HDB will typically opt for resale flats. Resale flats, particularly those located in mature estates, are also highly sought after by buyers who do not want to wait several years for the completion of Build-To-Order (BTO) flats. First-timers of resale HDB buyers are usually eligible for government grants.

Demand for the HDB resale market has been dented, following the rolling out of a series of cooling measures in 2013. These included the Mortgage Servicing Ratio (MSR) which instilled a cap of 30% on borrower's gross income and a maximum loan tenure of 25 years for HDB housing loans (30 years for private bank loans taken to buy HDB flats). The authorities also implemented a 3-year waiting period for new PRs before they were allowed to buy resale flats. Coupled with the large supply of BTO flats, 16,096 resale flats were transacted in 2014, down by 31.0% from the peak of 23,198 units in 2012. Prices of resale HDB flats also fell by 6.6% over the same period. HDB resale prices have since been stable which has helped to entice some buyers back to the resale market, as evidenced by the higher transactions over the past 2 years.

The higher number of resale transactions in 2016 could also be attributed to the large number of BTO flats entering the resale market as they reach the end of the 5 year MOP. From 2011 to 2013, some 25,000 BTO units were released by the government each year, in anticipation of higher demand from first time buyers.<sup>17</sup> These units could create more opportunities for transactions moving forward.

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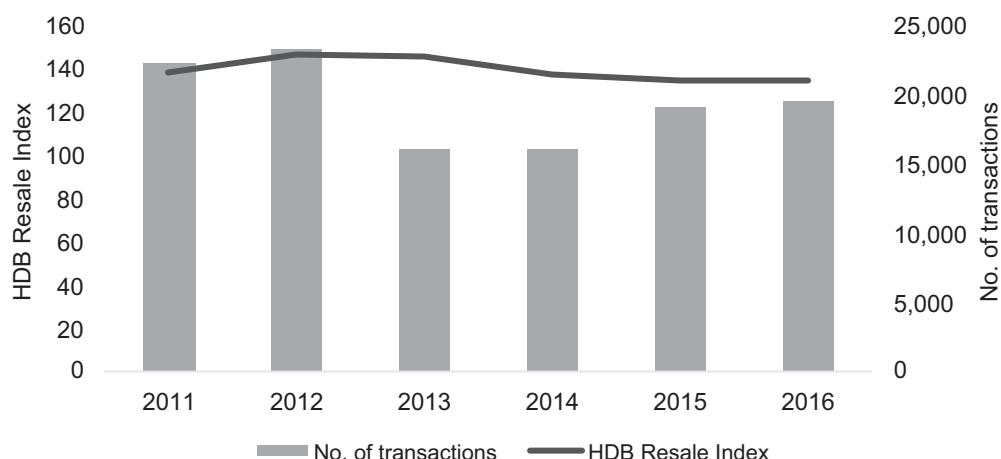
<sup>16</sup> Ministry of Trade and Industry (MTI) Singapore's media release dated 17 February 2017

Note: MTI has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>17</sup> Valerie Koh. "17,000 BTO flats to be launched next year" Today, 14 December 2016

Note: Valerie Koh and Today have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

**Chart 1.3.2.1 HDB Resale Index and Transaction Volume**



Source: HDB Resale Statistics, "Resale Price Index" was found in ([www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics](http://www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics)) as extracted on 28 April 2017, Cushman & Wakefield Research

Note: HDB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

### **1.3.2.2 Executive Condominiums (EC)**

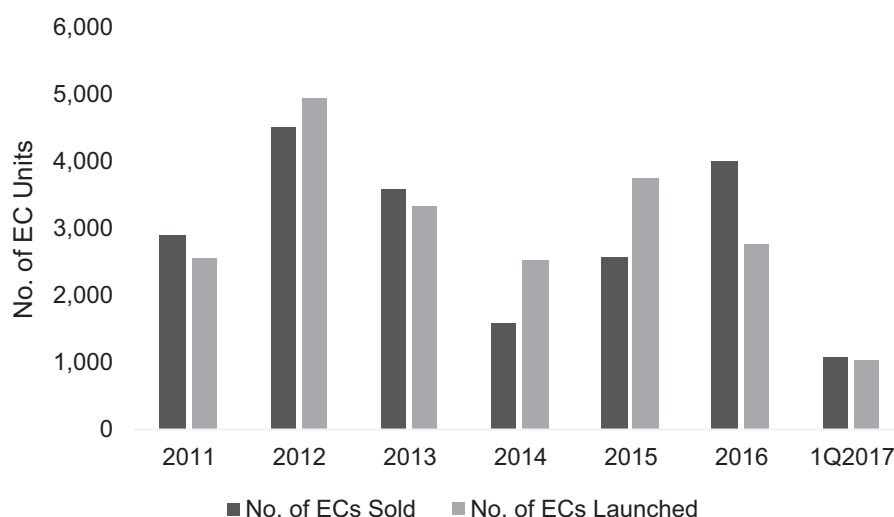
An EC is a hybrid between a private property and a HDB flat. New units come with ownership and resale restrictions such as a household income of not more than \$14,000 and an MOP of 5 years. During the 6th to 10th year after completion of the EC, units can be sold to Singapore Citizens or PRs with no family nucleus requirements, which is usually termed as partial privatisation. After 10 years, all restrictions are lifted and ECs will be fully privatised. Only Singapore Citizens and Singapore Citizen / PR households are eligible to purchase ECs directly from private developers. First-timers are eligible for certain grants. Against this backdrop, new EC units are generally sold at about 20-30% discount compared to the nearby new private properties, despite having the full suite of condominium facilities and are indistinguishable from private condominiums in terms of design and physical features.

Demand for ECs has staged a strong comeback after 2011. Prior to 2011, no new EC developments were launched due to the poor historical take-up rates. ECs mainly appeal to two groups of buyers: 1) first-timers which make up a substantial portion of buyers; 2) and HDB upgraders as the price premium is typically smaller compared to private condominiums. Demand in 2014 was an exception, as the government imposed a set of cooling measures in 9 December 2013 that included a resale levy for second-time applicants and a revised MSR level of 30% (down from the previous 60%).

Demand for ECs improved in 2016, as evidenced by the healthy take-up rates in the segment. 4,085 units were sold in 2016, higher than the 2,749 units launched in the same year. This was attributed by the take-up of older stock such as The Vales, Sol Acres, The Terrace and Bellegwaters which were launched in previous years. Best-selling projects launched in 2016 include Wandervale and Treasure Crest, which were 98% and 99% sold respectively as of March 2017, after being on the market for merely one year. In 2017, iNz Residence – the first EC launched in the year – also saw a healthy take-up rate of 38% in the first month of launch. ECs will continue to stay relevant in today's market for a selected group of buyers, as they utilise this asset class to fulfill their housing aspirations.



**Chart 1.3.2.2 EC Launches and Sales**



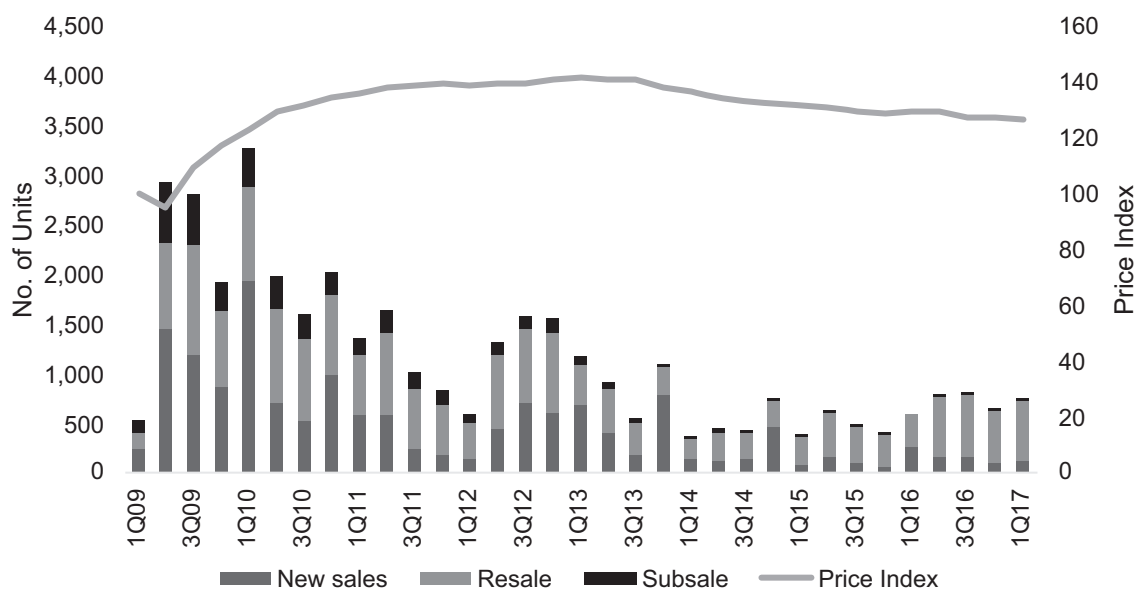
Source: Information on both number of ECs sold and launched was obtained from URA REALIS, data accessed on 28 April 2017, Cushman & Wakefield Research

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### 1.3.2.3 High-End Private Residential Segment

In Singapore, the term high-end or luxury properties refer to properties located in the Core Central Region (CCR). The CCR comprises of Districts 9, 10, 11, Downtown Core and Sentosa.

**Chart 1.3.2.3 High-End Residential Transaction Volume and Prices**



Source: Information on number of new sales, resale and subsale units obtained from URA REALIS, data accessed on 28 April 2017. Information on Price Index obtained from URA REALIS, data accessed on 28 April 2017, Cushman & Wakefield Research

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

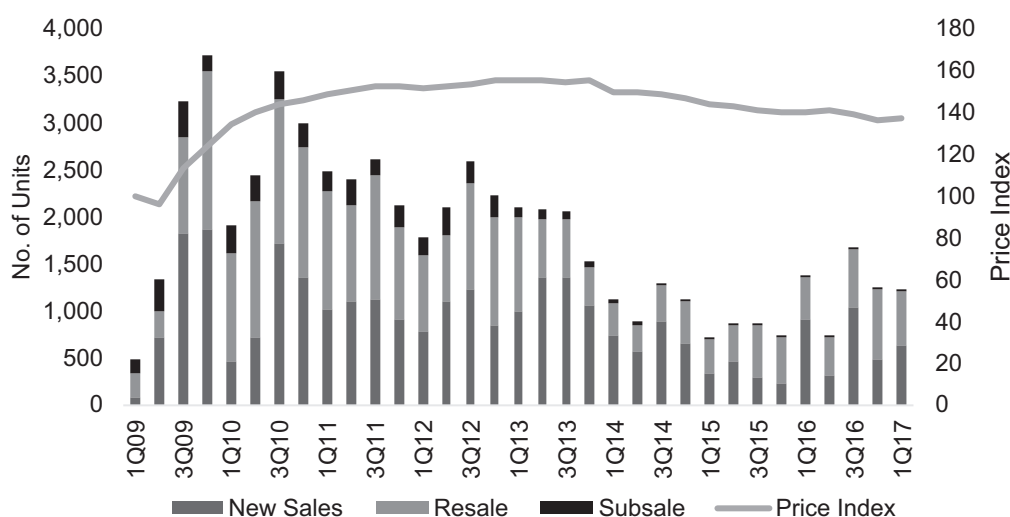
Demand for high-end residential properties has revived since the beginning of 2016. Price decline continued, but at the slowest pace as compared to the mass market and mid-tier segments. URA's price index for CCR only declined by 1.2% y-o-y in 2016, as compared to a broader decline of 3.1% y-o-y islandwide. This is despite the cooling measures and loan curbs that have been put in place. Transaction volume increased by 48.7% y-o-y in 2016, boosted by improving sales in new projects. There is also substantial interest in delicensed projects<sup>18</sup>, where a deferred payment scheme is available for projects such as OUE Twin Peaks, Peak@Cairnhill II, and d'Leedon.

In 1Q2017, sales momentum continued in CCR, with a total of 729 units sold, an increase of 24.8% y-o-y and 17.8% quarter-on-quarter (q-o-q). Prices of CCR retreated by 0.4% q-o-q as the market searches for its turning point.

### 1.3.2.4 Mid-Tier Residential Segment

Mid-tier residential properties generally refer to city-fringe homes that are located in the Rest of Central Region (RCR). The mid-tier residential market has been the worst hit by the slew of cooling measures due to their relatively higher price per square foot (psf) as compared to the mass market homes, and high price quantum, which may be out of reach by HDB upgraders. As at 1Q2017, prices are about 12.1% below the peak of the market in 2Q2013. However, in the recent months, some "greenshoots" of recovery in the mid-tier residential market have been observed. Price index for RCR increased by 0.3% q-o-q in 1Q2017, and transaction volumes increased by 22.4% q-o-q and 109.5% y-o-y. Recent launches of mid-tier residential projects were well-received. Park Place Residences at PLQ and Artra were sold at median prices of \$1,798psf and \$1,646psf respectively.<sup>19</sup>

**Chart 1.3.2.4 Mid-Tier Residential Transaction Volume and Prices**



Source: Information on number of new sales, resale and subsale units obtained from URA REALIS, data accessed on 28 April 2017. Information on Price Index obtained from URA REALIS, data accessed on 28 April 2017, Cushman & Wakefield Research

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>18</sup> A housing project may be delicensed if it has received Certificate of Statutory Completion, and individual strata titles have been issued to buyers. A delicensed project is not regulated by the Housing Developers (Control and Licensing) Act. Developers of delicensed projects do not have to disclose sales updates to URA and have more leeway to launch novel marketing schemes for these projects. Furthermore, any transactions involving delicensed projects would be classified under the resale category.

<sup>19</sup> Information obtained from URA REALIS, data accessed and accurate as at 11 May 2017.

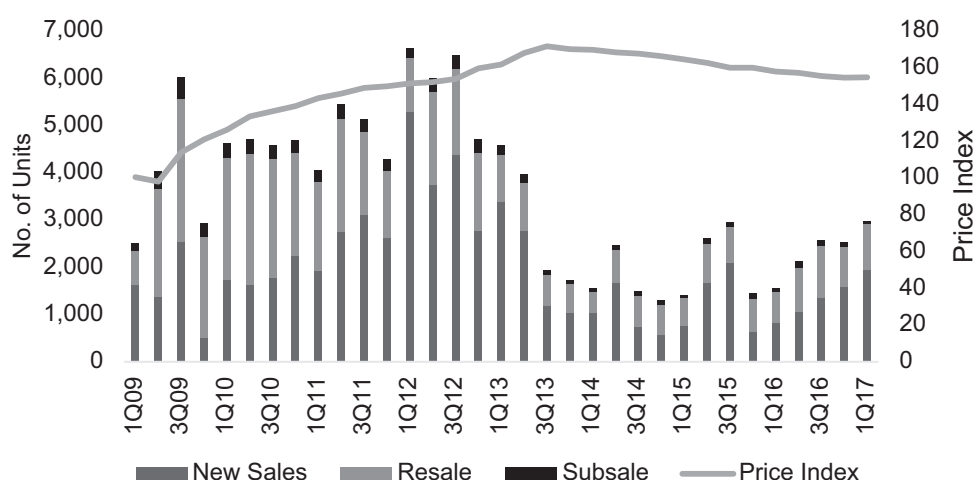
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### 1.3.2.5 Mass Market Residential Segment

Mass market residential properties generally refer to suburban homes that are located in the Outside Central Region (OCR). Mass market homes have been well-supported by the resilience of HDB prices. As the majority of mass market homes are bought by people with HDB addresses (i.e. “HDB upgraders”), mass market homes outperformed high-end and mid-tier homes post-global financial crisis (GFC), with prices rising 74.9% between the trough in 2Q2009 and the peak in 3Q2013, higher than the 62.2% increase for the overall residential market. However, prices of the mass market residential segment subsequently fell by 9.8% after eight consecutive rounds of property cooling measures.

Growth in transaction volumes of the mass market residential segment have been resilient, growing 2.7% y-o-y in 2016. While demand has been healthy, there are some concerns over the supply overhang in the mass market residential segment. Between 2010 and 2015, an annual average of 6,987 units was completed in the OCR. The enlarged stock has put pressure on the rental index for the OCR segment. The rental index for OCR decreased by 15.1% from the peak in 2Q2013 as at 1Q2017. The decline in rents was also faster than the decline in prices over the same period.

**Chart 1.3.2.5 Mass Market Residential Transaction Volumes and Prices**



Source: Information on number of new sales, resale and subsale units obtained from URA REALIS, data accessed on 28 April 2017. Information on Price Index obtained from URA REALIS, data accessed on 28 April 2017, Cushman & Wakefield Research

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### 1.3.3 Buyer Profile

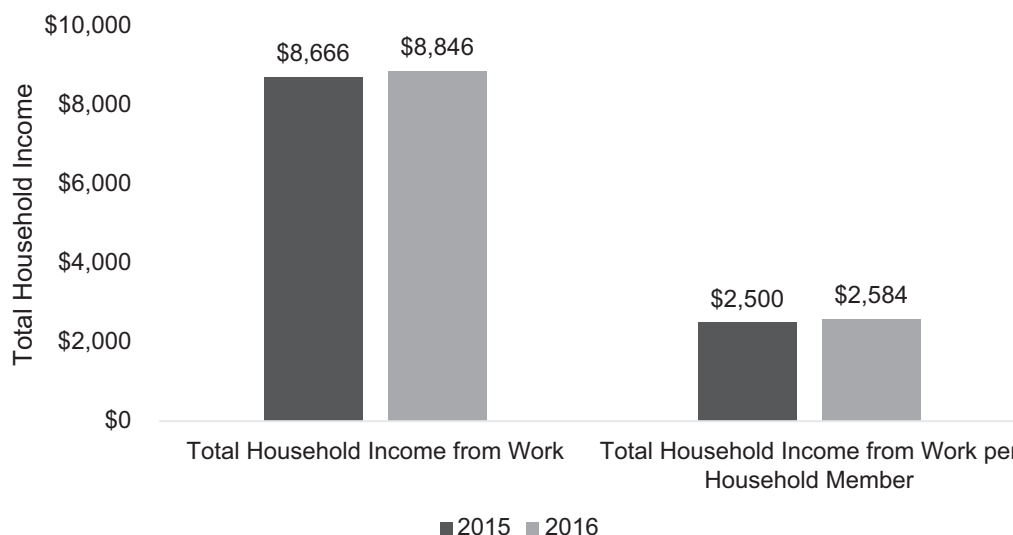
There are a number of factors that have been driving up demand for residential properties in Singapore. Local buyers form the foundation of private residential property transactions, while expatriates and foreign investors also lend support to demand. Equity formation has also been growing due to the successful public housing programme which encourages home ownership and creates wealth when property prices rise in tandem with economic growth. The rising household net worth, alongside Singapore’s steady income growth, has helped to propel demand for residential properties. The following section will highlight the key demand drivers for Singapore’s residential properties.

#### 1.3.3.1 Population Income and Demographics

Population income has been growing at a more moderate pace. Median monthly household income from work, among resident employed households, grew by 2.6% in real terms, from \$8,666 in 2015 to \$8,846 in 2016. This was a moderation from the increase of 4.9% in real terms in 2015. Resident employed households in all income groups experienced real growth in average household income from work per household member in 2016, albeit at a slower rate in 2015.

From 2011 to 2016, households at the top 10% of income level had slower real income growth than other income groups. Specifically, the average household income per household member of the top 10% households grew by 2.7% per annum in real terms over this period, which is at the lower end of the 2.4 - 4.2% annual growth spectrum for the other income groups. Nevertheless, the rising household net worth, alongside Singapore's steady income growth, has helped to propel demand for residential properties. Household formation is also expected to remain healthy, despite tepid population growth.

**Chart 1.3.3.1a Median Monthly Household Income from Work among Resident Employed Households**



Note: Household income from work includes employer CPF contributions.

Source: Department of Statistics Singapore, "Key Household Income Trends 2016"

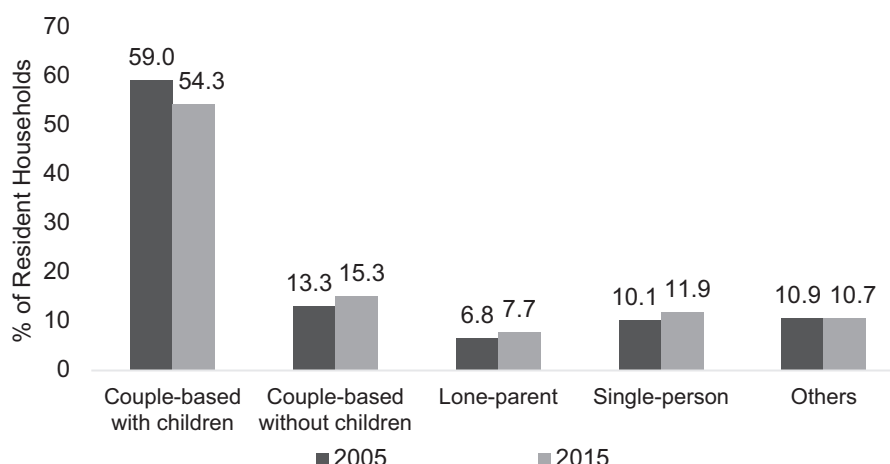
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There is also an increasing number of couple-based households without children that contribute to demand for housing units. The proportion of couple-based households without children rose from 13.3% in 2005 to 15.3% in 2015. The proportion of single-person households also increased from 10.1% to 11.9% over the same period.<sup>20</sup> These include ever-married persons who are living alone as their children have grown up and moved out of their parental home.

<sup>20</sup> Department of Statistics Singapore, "Key Household Income Trends 2016" Note:

The Department of Statistics Singapore has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

**Chart 1.3.3.1b Resident Households by Household Living Arrangement**



Source: Department of Statistics Singapore, "Population Trends 2016"

Note: Couple-based households refer to households with a married head and spouse. Lone-parent households refer to households whose head is never-married/widowed/divorced/separated and living with children aged below 16 years or never-married children. Single-person households refer to one-person households. These include ever-married persons who are living alone as their children have grown up and moved out from the parental home.

Note: The Department of Statistics Singapore has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Based on the current proportion of population that reside in private housing, Cushman & Wakefield Research estimates that Singapore will need between 131,000 and 153,000 private housing units by 2030, assuming the current average household size of between 3 and 3.5 remains unchanged in the longer term and the population continues to grow at the current rate. The increased demand for housing will in turn, translate to higher revenue per agent or more property agents entering the industry; either of which will benefit the overall agency business.

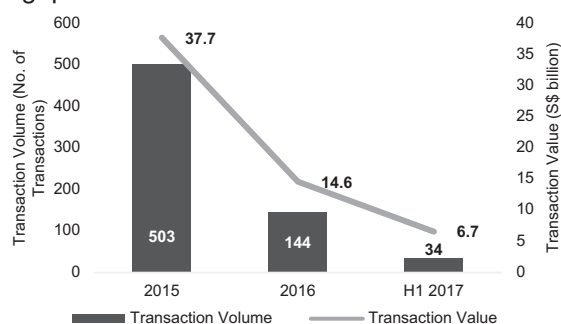
### 1.3.3.2 Demand from Foreigners

The growth in the number of high net worth individuals (HNWIs) and wealth per capita, coupled with increased liquidity arising from low interest rate environment, have resulted in significant capital inflow into Asian property, and Singapore is no exception. According to CSRI Global Wealth Report 2016, the total global wealth in 2016 edged upwards by US\$3.5 trillion to US\$256 trillion.<sup>21</sup> Not only are Singaporeans looking inwards to invest, foreigners are also looking to invest in Singapore.

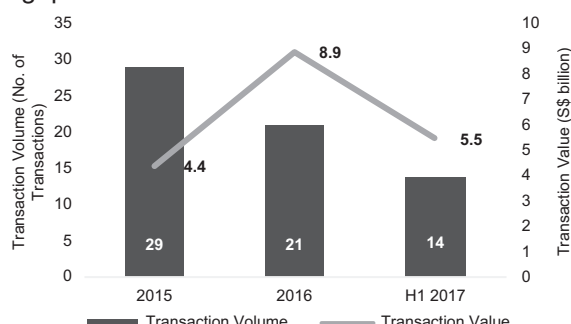
<sup>21</sup> Credit Suisse Research Institute Global Wealth Report 2016, published November 2016. Credit Suisse has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

### Chart 1.3.3.2a Capital Flows

Singapore Outbound Investment Volume



Singapore Inbound Investment Volume



Source: Data on Singapore's outbound and inbound investment volume obtained from Real Capital Analytics Database, data accessed on 25 July 2017.

Note: Real Capital Analytics has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Healthy participation from foreign developers for Singapore's Government Land Sales (GLS) sites are a testament to the sheer liquidity in the market. As new home sales surged since the beginning of 2017, developers are becoming more aggressive in bidding at land auctions. Analysis by Cushman & Wakefield Research showed that developers paid an average of 29% premium over comparable sites for the first 5 months of 2017, a marked increase when premiums were sub-zero in late 2015 and early 2016. The increasingly bullish bids by developers in recent land tenders are signs that home prices are likely to increase when these projects reach the market.

### Chart 1.3.3.2b Government Land Sales Sites

	1H2017	2H2016	1H2016	2H2015
Average No. of Bids	13.3	13.7	8.3	8.25
Average Premium over Comparable Sites*	29%	13%	-4%	-3%

\*Note: Premium was tabulated by comparing prices of comparable sites transacted in the last 5 years.

Source: Data on average number of bids obtained from URA, data accessed on 25 July 2017. Data on average premium over comparable sites calculated by Cushman & Wakefield Research.

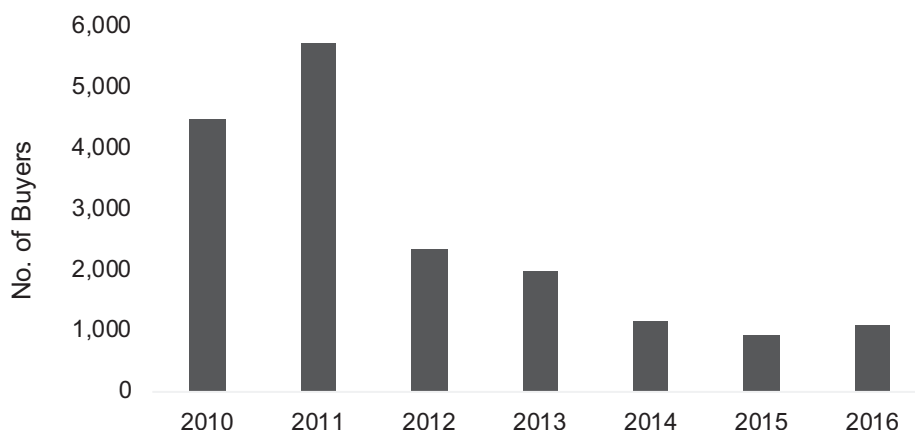
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Interest from foreign players has intensified, with 2 out of 4 land tenders awarded to foreign bidders in 1H2017. These include Malaysia-based developer, SP Setia, who won the bid for Toh Tuck Road, and China Construction Development who won the bid for West Coast Vale. There was also significant Chinese interest in recent land tenders, such as the Tampines Ave 10 (Parcel C) site where 5 out of 9 bidders were Chinese players. In May 2017, a residential site at Stirling Road near Queenstown attracted a top bid of more than \$1 billion, the first time that a purely residential site on the GLS programme has exceeded that price quantum. The bid, which translates to \$1,050.7 psf of gross floor area, was submitted jointly by units of China's Nanshan Group and Hong Kong's Logan Property.

Likewise, foreign investors are making their way back to Singapore's private residential market to capitalise on the potential upside after prices have moderated for the past 4 years. 2016 saw 1,080 units purchased by foreigners, up by 17.5% from 2015's volume of 919 units. Foreigners who purchase

any residential property have to pay an Additional Buyer's Stamp Duty (ABSD) rate of 15% of the transacted price, while locals are not required to pay such a stamp duty for their first property purchase. Singapore Citizens, however need to pay a 7% ABSD on their second property purchase, and 10% on their third and subsequent property purchases. PRs are subjected to 5% ABSD upon their first property purchase. Despite the returning demand of foreigners for property purchases, the proportion of foreign buyers still paled in comparison with locals compared to the period before ABSD and TDSR were implemented. The proportion of foreign buyers has decreased from 12% in 2010 to 7% in 2016.

**Chart 1.3.3.2c Number of Foreigners Purchasing Private Residential Properties in Singapore**



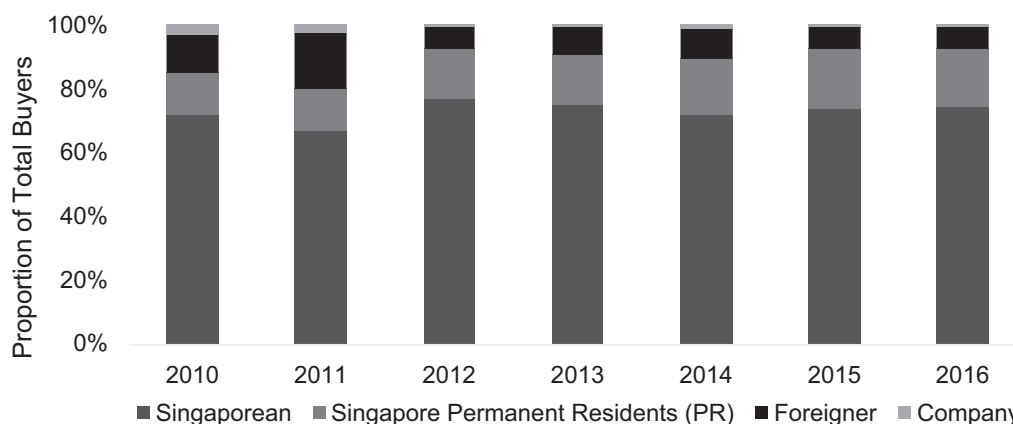
Note: Data on number of foreigners are excluding PRs. Number of private residential properties exclude ECs.

Source: Information on number of foreign buyers obtained from URA REALIS, data accessed on 28 April 2017, Cushman & Wakefield Research

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Chinese buyers have overtaken Malaysians and Indonesians as the top foreign buyers of private homes in 2011 with 2,764 transactions by the Chinese, 1,806 transactions by the Indonesians and 1,936 transactions by the Malaysian. In 2016, there were 1,178 transactions by the Chinese, 380 transactions by the Indonesians and 969 transactions by the Malaysians. This can be attributed to the growth of Chinese wealth and their increasing familiarity with the Singapore residential market.

**Chart 1.3.3.2d Proportion of Foreign Buyers**



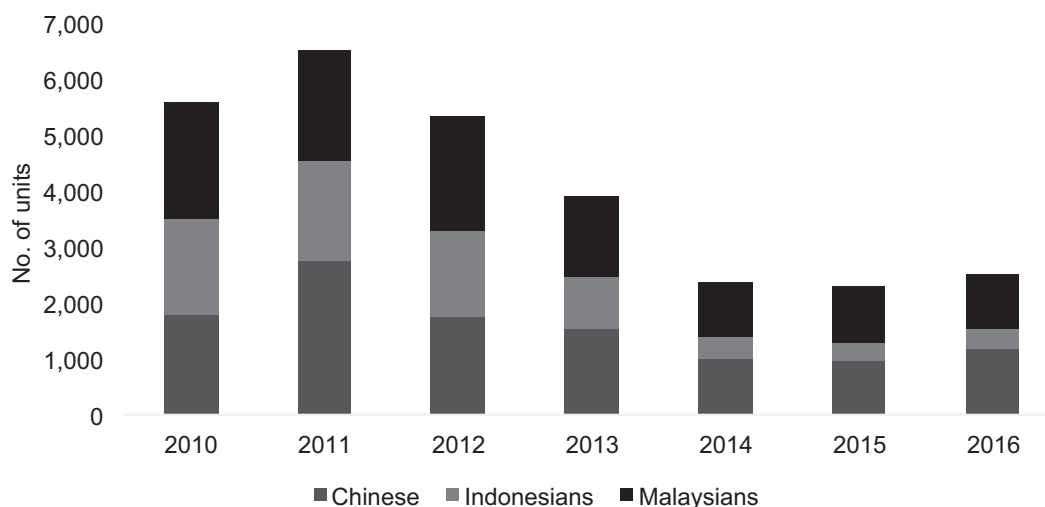
Source: Information on percentage of total buyers for Singaporeans, Singapore PRs, foreigners, and companies obtained from URA REALIS, data accessed on 28 April 2017, Cushman & Wakefield Research

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the



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**Chart 1.3.3.2e Top Foreign Buyers for Private Residential Properties in Singapore (excl. EC)**



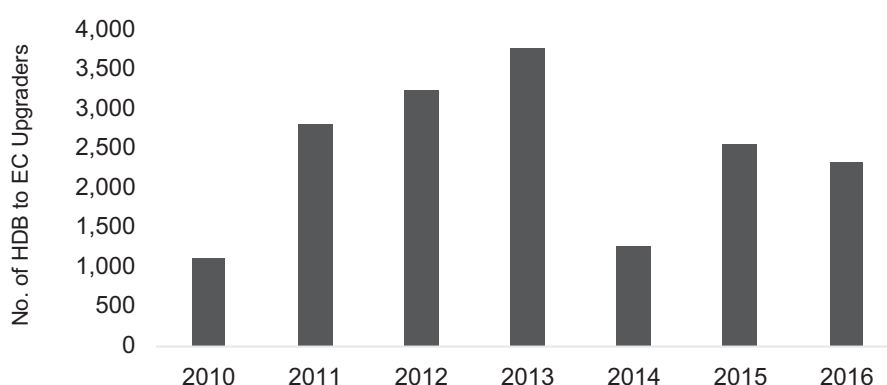
Source: Information on number of units purchased by Chinese, Indonesians and Malaysians obtained from URA REALIS, data accessed on 28 April 2017, Cushman & Wakefield Research

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### 1.3.3.3 Upgraders from HDB to ECs

Upgraders from HDB or second-timers contribute to the bulk of demand for ECs, besides first-time applicants. Demand from ECs tends to be supply-led, with the exception of 2013 when the number of HDB-to-EC upgraders increased 16.5% y-o-y despite a 32.4% y-o-y decline in the number of EC units launched. This could be attributed to greater absorption of unsold EC units from the year before.

**Chart 1.3.3.3 Number of HDB to EC Upgraders**



Source: Information on number of HDB to EC upgraders obtained from URA REALIS, data accessed on 28 April 2017, Cushman & Wakefield Research

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

### **1.3.3.4 Do-it-Yourself (DIY) Transactions of HDB Flats without Brokers**

An increasing number of HDB buyers and sellers are choosing not to use the services of brokers, while the emergence of various DIY real estate platforms has allowed transactions to be made more easily. It was reported by the Ministry of National Development that 23% of resale transactions carried out in the first 5 months of 2016 were transacted without a broker. In 2010, only 11% of all HDB resale buyers and sellers went the DIY way.<sup>22</sup>

Apart from guidelines and seminars by HDB to educate the public on policies and procedures in the buying and selling of HDB flats, disruptors such as DirectHome and Snappyhouse have helped to connect buyers and sellers, as well as landlords and tenants, directly. Last year, two new disruptors were introduced as a response to the increasing pool of people transacting DIY. OhMyHome offers people the alternative of engaging an in-house agent at a flat fee, while real estate engine Yotcha.com operates on a bidding system where property agents bid to serve home owners looking to sell or rent their properties. Home owners and buyers are incentivised to perform transactions without agents as they are able to save commission payout to agents equivalent to 1-2% of the transacted price. However, these firms currently have had limited success scaling their platforms and penetrating the real estate market in Singapore, which predominantly transacts via real estate brokers.

As with technological disruptions in other industries, threat from digital real estate platforms is going to be more prominent in the long term as more of these DIY platforms come to market. As the population becomes more educated and tech savvy, buyers and sellers may also find it more convenient to transact via a DIY platform. However, Singapore's relatively small domestic agency market could deter big foreign players from entering the market. This will help to cushion the impact from disruptive technologies.

### **1.3.4 Government Policies and Initiatives**

#### **1.3.4.1 Decentralisation Plans by the Government**

As Singapore's economy grows and population expands, allocating land uses for housing, defence, ports, recreation, and other uses will become even more challenging. Given the limitations of a small city state, there have been plans to achieve growth through decentralisation of commercial activities to commercial centres outside the city, to reduce the need to travel into the city, bring jobs closer to homes and mitigate congestion. In addition, decentralisation would also offer businesses with alternative locations which are more affordable.

As part of this long-term strategy, several locations which are strategically well-spread throughout Singapore and well-served by public transport networks were identified for development. Jurong, Paya Lebar and Woodlands were identified as three of these locations, together with others like Tampines and Novena. Today, the Novena Fringe Centre and Tampines Regional Centre have both been developed into vibrant office clusters supported by retail, food & beverage and entertainment amenities. The Jurong Lake District and Paya Lebar Central areas look set to become similarly successful in the future. In April 2017, the Singapore government also announced a detailed Master Plan for Woodlands, to transform the area into "star destination of the North" with new housing,

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<sup>22</sup> Janice Heng. "More buying, selling flats the DIY way" The Straits Times, 30 Sep 2016

Note: Janice Heng and The Straits Times have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

recreational and business facilities.<sup>23</sup> Woodlands is expected to have almost 10,000 new dwelling units under HDB's Remaking Our Heartland (ROH) programme, which is part of the Master Plan. The entire makeover for Woodlands will be implemented in phases over the next 5 to 10 years.

To ensure that these commercial centres are located near major public transport interchanges, Singapore is also investing heavily in constructing more rail lines. According to Land Transport Authority (LTA), by 2030, rail network is expected to double with two new MRT lines across Singapore and lengthening of existing lines. By 2030, 8 in 10 Singaporean households will be within a 10-minutes walk from a train station.<sup>24</sup>

#### **1.3.4.2 Increase in Housing Grants under Singapore Budget 2017**

Under the Budget 2017, the government extended more assistance to couples who are purchasing HDB flats for the first time via the resale market. The CPF Housing Grant was raised from \$30,000 to \$50,000 for couples purchasing four-room flats or smaller from the resale market, and from \$30,000 to \$40,000 for those buying flats that are five-room or bigger.<sup>25</sup> The changes took place with immediate effect. Together with the Additional CPF Housing Grant (AHG) and Proximity Housing Grant (PHG), some couples can receive up to \$110,000 in subsidies when purchasing a resale HDB flat. AHG offers applicants up to \$40,000 in subsidies depending on their income, while the PHG provides up to a further \$20,000 for those who live near their parents.

The increase in housing grants will give buyers more incentive to purchase flats from the resale market, as compared to BTO flats. One in five new HDB flat buyers went for resale flats in 2016, more than double the proportion recorded 5 years ago. The increase was attributed to bigger pool of flats in desirable locations and price moderation in the last 4 years. HDB figures show that 3,441 Singaporean families bought a resale flat with housing grants in 2016. This translate to 19% of all flats purchases made by first-time buyers using government grants or subsidies. In contrast, 1,980 families – or 9% of

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<sup>23</sup> Melody Zaccheus. "Woodlands to transform into "star destination of the North" with new housing, recreational and business facilities", The Straits Times, 16 April 2017

Note: Melody Zaccheus and The Straits Times have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>24</sup> Land Transport Authority's (LTA) CONNECT, "Bringing new and extended rail lines to you by 2025/2030, published February 2013

Note: LTA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>25</sup> Housing & Development Board, "Joint press release by MND & HDB: Enhanced CPF housing grant offers more affordable housing options to first-time homebuyers" found in ([www.hdb.gov.sg/cs/infoweb/press-release/enhanced-cpf-housing-grant-20022017](http://www.hdb.gov.sg/cs/infoweb/press-release/enhanced-cpf-housing-grant-20022017)) as extracted on 28 April 2017

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all flat purchases by first-time buyers – transacted in the resale market in 2012. Since 2012, the proportion of resale flats bought has been rising.<sup>26</sup>

**Table 1.3.4.2 Proportion of Flats Purchased by First-timers**

	Resale Flats with Grants (Proportion of All Flats Purchased by First-timers)	Build-to-Order Flats (Proportion of All Flats Purchased by First- timers)
<b>2016</b>	3,441 (19%)	14,273 (81%)*
<b>2015</b>	2,839 (18%)	13,274 (82%)
<b>2014</b>	2,146 (13%)	13,921 (87%)
<b>2013</b>	1,576 (9%)	16,703 (91%)
<b>2012</b>	1,980 (9%)	21,025 (91%)

Note: \*A projected estimate as not all projects launched that year have completed the selection exercise.

Source: Rachel Au-Yong. "More first-time home buyers opting for resale flats" The Straits Times, 3 May 2017

Note: Rachel Au-Yong and The Straits Times have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

### 1.3.4.3 Property Cooling Measures

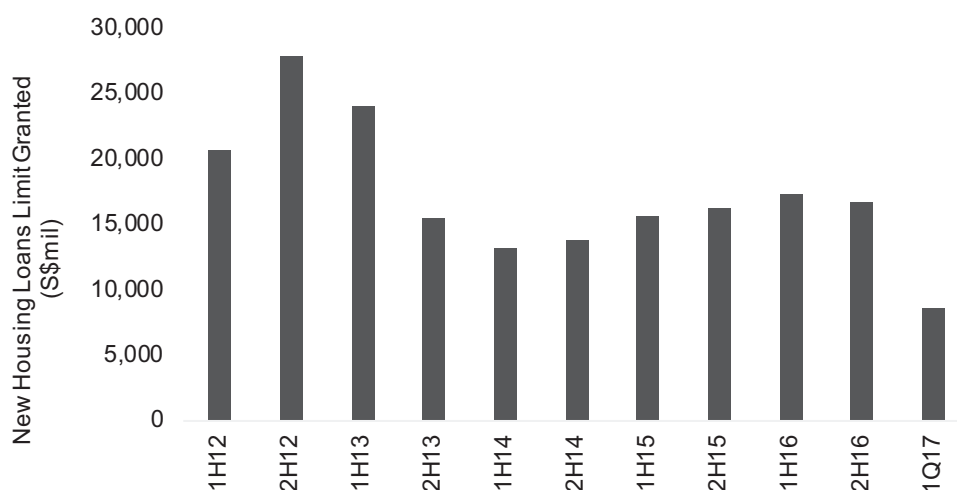
Transaction volumes and prices suffered a sharp decline in 2014 largely due to the cumulative effect of the series of cooling measures, as well as the imposition of the TDSR framework in mid-2013. The Singapore government introduced eight rounds of cooling measures to rein in rising home prices post-GFC, including an ABSD which adds up to an additional 15% to the purchase price for foreign buyers, and an additional 7% or 10% of purchase price for Singaporeans purchasing their second or third property. The Monetary Authority of Singapore (MAS) later stepped in with a TDSR framework, which aims to ensure that buyers' monthly repayments of all debts, including car loans and credit cards, do not exceed 60% of their income. This is to prevent them from being adversely affected by higher borrowing costs in the event of sudden interest rate hikes. As at 1Q2017, the imposition of TDSR framework resulted in an overall private residential property price index (PPI) decline of 11.7% from its peak at 2Q2013.

Total transaction volume from both primary and secondary private residential markets also retreated from 27,137 units in 2013 to only 13,981 units in 2014 and 16,941 units in 2015. Residential mortgages for new homes were also affected by the TDSR framework. Prior to the implementation of the TDSR, \$23.9 billion worth of new housing loans were granted in 1H2013, as compared to \$15.4 billion in 2H2013. The most recent available value of new housing loans granted in 1Q2017 was \$8.4 billion.

<sup>26</sup> Rachel Au-Yong. "More first-time home buyers opting for resale flats" The Straits Times, 3 May 2017

Note: Rachel Au-Yong and The Straits Times have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

**Chart 1.3.4.3a New Housing Loans Limit Granted**



Source: Monetary Authority of Singapore (MAS), "Data on Housing and Bridging Loans", found in ([www.mas.gov.sg/statistics/monthly-statistical-bulletin/data-on-housing-and-bridging-loans.aspx](http://www.mas.gov.sg/statistics/monthly-statistical-bulletin/data-on-housing-and-bridging-loans.aspx)) as extracted on 28 April 2017.

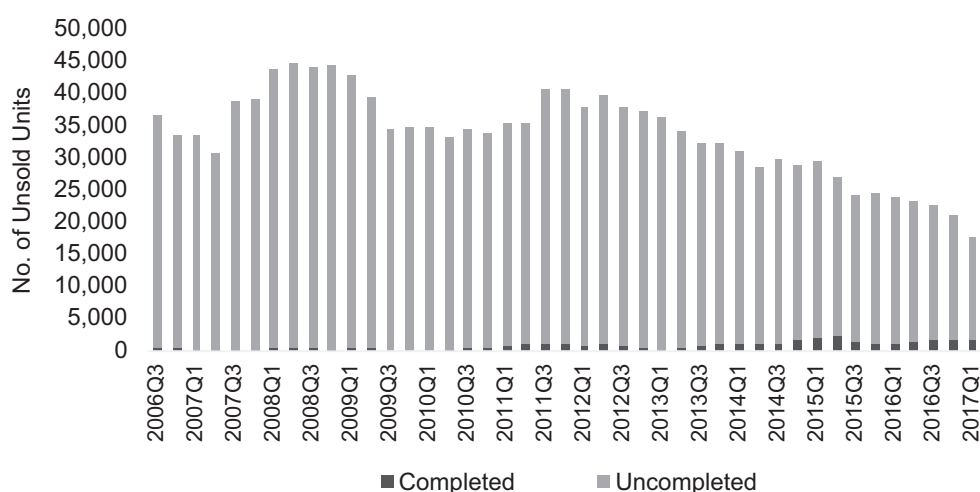
Note: MAS has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

The recent tweaks to the property cooling measures came as a surprise, given the government had continually dismissed the possibility of easing over the medium term. The shortening of the Seller's Stamp Duty (SSD) period announced in March 2017 from four years to three years with reduced rates has instilled greater confidence in investors.

An improving and positive market sentiment was reflected in the March private home sales released by URA on 15 April 2017, whereby transaction volume in the primary market for the month of March surged to the highest since June 2013, increasing by 82.2% month-on-month (m-o-m) and 111.2% y-o-y. This brought 1Q2017 primary homes sales volume to 3,138 units, which represented an increase of 114.1% y-o-y, the highest since 2Q2013.

Supply pressures seem to be coming off with the decreasing unsold inventory. Unsold landbank from listed developers have been depleting; GLS residential units available for sale have been declining, which led developers to turn to the private en-bloc market. These factors collectively, are likely to cause an upward pressure on home prices in the primary market.

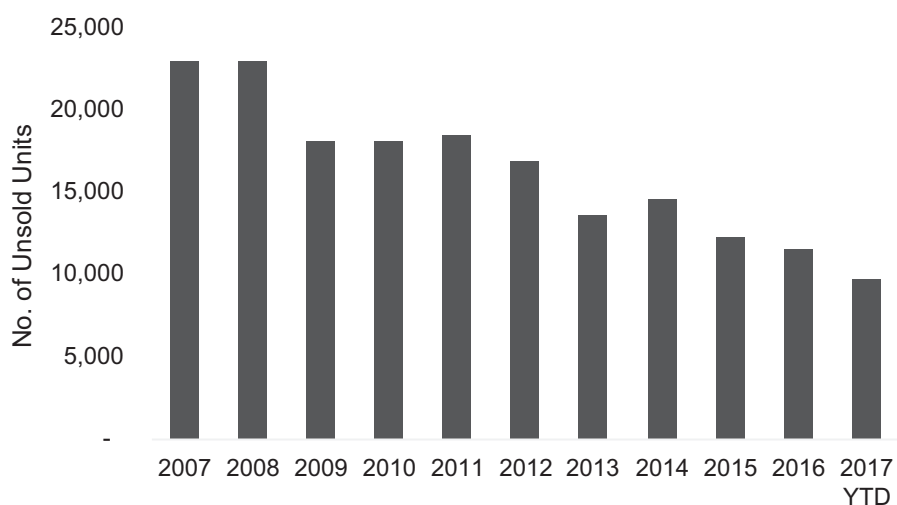
**Chart 1.3.4.3b Total Unsold Units (Uncompleted and Completed)**



Source: Information on number of completed and uncompleted unsold units obtained from URA REALIS, data accessed on 28 April 2017, Cushman & Wakefield Research

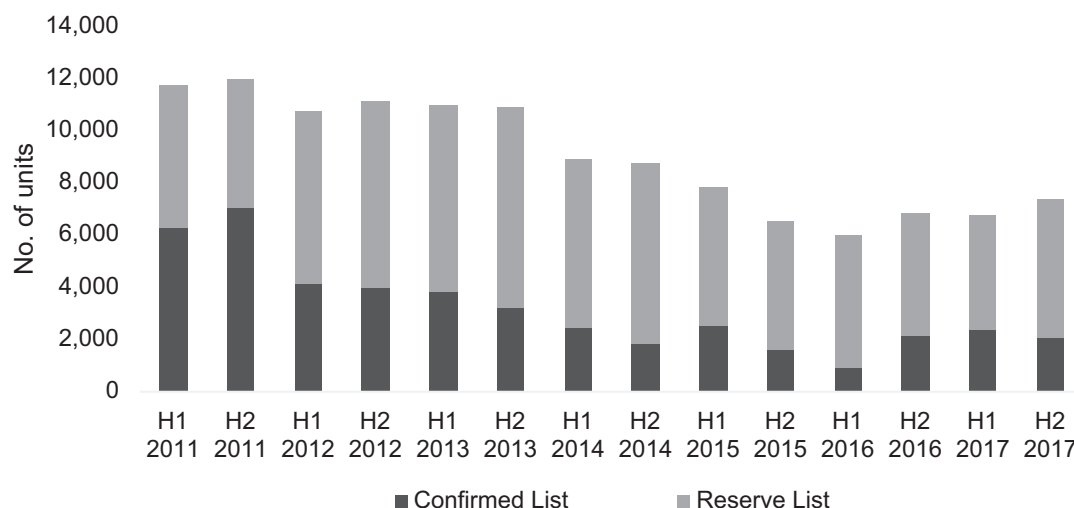
Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

**Chart 1.3.4.3c Listed Developers' Annual Unsold Landbank**



Source: Information on listed developers' annual unsold landbank obtained from J.P. Morgan estimates, extracted on 25 July 2017, Cushman & Wakefield Research

Note: J.P. Morgan has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

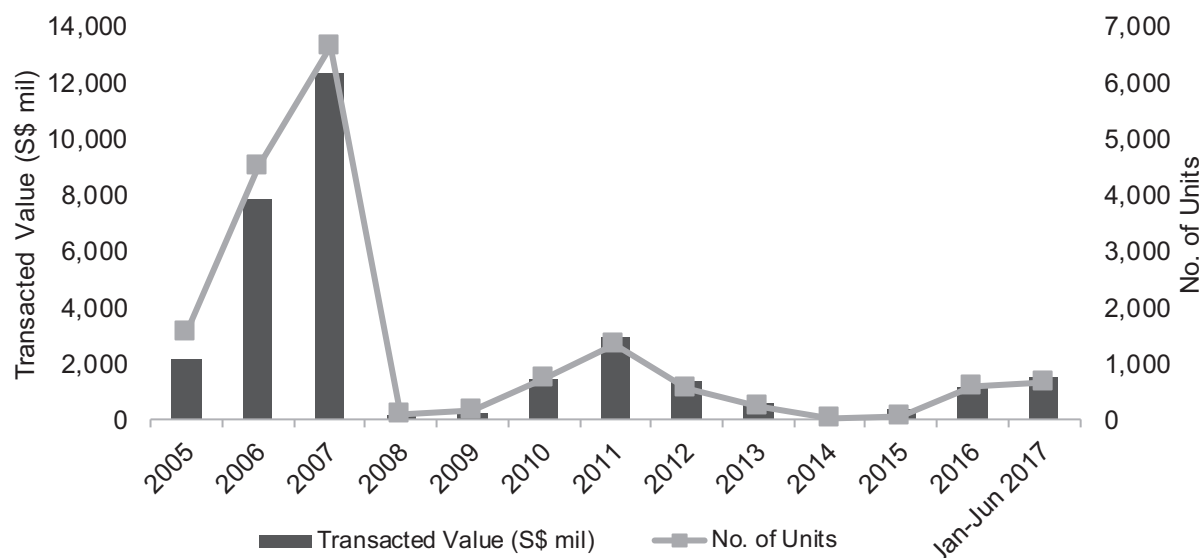


**Chart 1.3.4.3d Declining GLS Residential Units Available (Non-EC)**

Source: Information on number of GLS residential units available obtained from URA, data accessed on 25 July 2017, Cushman & Wakefield Research

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**Chart 1.3.4.3e Pick-up in En-Bloc Momentum**

Source: Information on transacted value and volume of en-bloc units obtained from URA REALIS, data accessed on 25 July 2017, Cushman & Wakefield Research

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Buying activity in the secondary market is forecast to increase in the coming years. In addition, with the introduction of Additional Conveyance Duty (ACD)<sup>27</sup> on residential property-holding entities, developers are incentivised to offload their unsold units via asset sales rather than share transfers, as the loophole to get around ABSD has been plugged. Given the imminent Qualifying Certificate (QC)<sup>28</sup> and ABSD deadlines for developers, developers will likely increase marketing activities on their unsold units. This would boost secondary market volumes in the medium term.

We forecast a gradual increase in transaction volumes over the next five years, in line with increasing investor confidence in the market. With improving market sentiments, the government is likely to remain cautious and any relaxation of cooling measures would be unlikely. Fundamentally, we believe that Singapore is capable of achieving a sustainable medium-term GDP growth of 3% and this would be the solid bedrock from which the housing market can move forward.

### 1.3.4 Key Market Trends

#### 1.3.4.1 Technology

The increasing use of technology across the real estate industry, while presenting itself as an opportunity, also presents a challenge to the existing business model. If current market players do not re-engineer their approach to delivering services, then the possibility of decreasing market share and fee level is real. Technology firms are targeting the global real estate industry and have made inroads through various areas. Examples of these new technology-enabled real estate services include:

- Technology-enabled transactions (including fully automated sales/ leasing, hybrid-type agency services and self-sale products),
- Wider access to real estate data and analysis (once only available to professionals),
- Automated valuations and real estate pricing, and
- Sophisticated property virtual reality inspection software and hardware.

<sup>27</sup> The government introduced a new Additional Conveyance Duty (ACD) for the buyer which comprises of a flat 15% levy on the value of the underlying residential properties, and a 1 to 3% levy that is intended to mirror the buyer's stamp duty.

<sup>28</sup> Qualifying Certificates (QC) and ABSD for developers require them to sell their units within a certain period of time or face a steep penalty.



We note that the more prominent disruptions which has taken place across the real estate industry around the world have been from transaction-based models which rely on technology, reducing commission rates and agent compensation to capture market share. The major players include Redfin and Purplebricks.

However, in Singapore, the established real estate technology players include Propertyguru, iProperty, SRX and TheEdgeProperty.com, which are listing portals with data-based models where real estate agents are required for transactions to take place. Rather than competing with the traditional brokerage business, these real estate technologies serve to extend the reach of agents, providing greater ease in closing deals.

To date, the introduction and take-up of disruptors to the property marketplace in Singapore has been relatively limited in comparison to other markets globally such as U.S., U.K. and Australia. There has been an increased level of activity in real estate listing portals and the level of analytics provided to users. While there have been various tech-enabled and self-sale products available, their scale and use are still quite limited.

Globally, there have been major launches of disruptor players within the real estate agency space, with mixed results. At present, no mass disruption by a single provider across multiple markets has taken place. This, perhaps, is a reflection of the fragmented nature of the global real estate industry. Nonetheless, we believe new business products will continue to be launched globally. The evolution of existing business practices will continue to develop and adopt increased efficiencies and services through technology, which will counter these inroads to a certain extent.

#### **1.3.4.2 Consolidation of Brokerage Business**

Increased compliance requirements and competition have contributed to the consolidation of smaller brokerages, as bigger agencies have economies of scale and the ability to generate activities to stimulate sales and support their agents with value-added services such as technology, which the small to medium-sized agencies are unable to compete with.<sup>29</sup> Poor market sentiment has also led to the consolidation of smaller brokerages. There has been a continuous drop in the number of licensed real estate agents in Singapore amidst the housing market downturn since 2013. This is particularly so for licensed agents who are not registered with the top 10 real estate agencies. According to CEA, the number of agents who are not from the top 10 real estate agencies declined by 39.2%, from 8,656 agents in 2013 to 5,262 agents in 2016. In contrast, the number of agents from the top 10 agencies was stable over the same period, from 23,127 in 2013 to 23,135 in 2016.<sup>30</sup>

This trend is expected to continue with larger agencies growing their market share at the expense of small to medium-sized agencies. As such, continued investment in technology by real estate service providers will help to 'future-proof' their businesses and gain an edge over their competitors.

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<sup>29</sup> Lynette Khoo. "Biggest property agencies holding up in cheerless market" The Business Times, 2 June 2015

Note: Lynette Khoo and The Business Times have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>30</sup> Source: CEA public register, found in ([www.cea.gov.sg/public-register](http://www.cea.gov.sg/public-register)) as extracted on 28 April 2017

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## 1.3.5 Commission Structure

### 1.3.5.1 Project Marketing

Most property developers in Singapore rely on real estate brokerage for the marketing of new project launches to reach out to end customers. Real estate brokerage firms undertake the marketing and sales of residential, strata-titled commercial (such as office and retail) or industrial units in the property on behalf of the property developer. Upon successful sales of a property unit, the appointed brokerage is paid a sales commission, which is generally based on a percentage of the property's value. Such appointments can either be exclusive or joint, often depending on the scale of the project.

The appointed brokerage usually plays a dual role in project marketing. Apart from supporting the marketing effort through its network of agents, an experienced salesperson is also put in charge of the project (commonly known as the Project IC) in addition to a Core Team that supports the IC. The primary role of the Project IC and Core Team is to provide strategic marketing consultancy services to the developer, reporting of sales progress on a regular basis, as well as implementation and execution of sales and advertising activities in order to achieve successful launch results.

An agent is often required to pay a one-time fee, which varies from project to project, to join the Core Team. The Project IC and Core team hold responsibility in managing the network of agents. The commission for new project launches varies, depending on the health of the real estate market. Typically, the developer apportions a percentage of the transaction price (with the market norm ranging between 0.5% for higher value projects such as strata commercial units to as high as 5% for selected residential projects) as commission. The appointed brokerage will take a portion of the marketing fee, with the bulk going to the closing agent, Project IC and Core Team. Typically, the Project IC and the Core Team will take a proportion from the commission given out by the developer to the closing agent.

**Table 1.3.5.1 Commission Structure for Project Marketing**

Tiers	Commission Structure
First tier	A percentage of the transaction price will be paid out as commission by developer
Second tier	Brokerage takes a portion of the commission payout for being the overall in-charge of the project, while the rest goes to Project IC, Core Team and closing agent
Third tier	Project IC and the Core Team will take a proportion from the commission payout by developers to the closing agent

Source: Cushman & Wakefield Research

### 1.3.5.2 Secondary Residential Market (Buying and Selling)

For the secondary market, commission rate is purely based on the contractual agreement between the property agent and the buyer/seller. A marketing fee of 1 - 2% of the transacted price is usually the amount a seller's agent is entitled to.

Buyers typically do not pay commission unless they want to be actively represented by the property agent to source for deals and enter into price negotiations. In the event that a deal is co-brokered by two agents representing both the buyer and seller, the seller's agent is expected to share the commission paid by the seller with the buyer's agent.

**Table 1.3.5.2 Commission Structure for Secondary Residential Market**

Scenario	Commission
When a buyer does not have an agent	Seller pays 1 - 2% of the transacted price to seller's agent. In some cases, commission could go up to 5% depending on the type of property and the urgency to transact by the seller
When buyer has an agent (Co-broke deal)	Seller's agent is expected to share the commission paid by the seller with the buyer's agent

Note: The term "co-broke" refers to the event whereby two agents brokered the deal together, with one representing the seller and the other representing the buyer.

Source: Cushman & Wakefield Research

### 1.3.5.3 Housing & Development Board (HDB) Resale Market (Buying and Selling)

HDB resale flats are subsidised public flats sold in the open market for Singapore Citizens and PRs. Foreigners are not eligible to buy HDB resale flats. An agent may be engaged to represent either the buyer or seller for the purchase or sale of a HDB resale flat. Similar to private properties, a marketing fee of 1 - 2% of the transacted price is usually what a seller's agent is entitled to. A marketing fee of up to 1% of the transacted price is usually what a buyer's agent is entitled to. Unlike the private resale market, there is no sharing of commission between the seller's and buyer's agent.

**Table 1.3.5.3 Commission Structure for HDB Resale Market**

Role	Commission
For agent representing the seller	Seller pays 1 - 2% of transacted price to seller's agent
For agent representing the buyer	Buyer pays up to 1% of transacted price to buyer's agent

Source: Cushman & Wakefield Research

### 1.3.5.4 Private Residential Leasing Market

Property agents are often engaged on behalf of the landlords or tenants to lease residential units. The property agent is paid a commission upon the successful letting of the residential unit. In general, it is not the duty of the property agent to provide services relating to other aspects of rental transaction, such as the maintenance and repair of the property or handling disputes between the landlord and tenant. The commission payable varies, depending on the rent amount and duration of the lease. The following rates are typically accepted in the leasing market, though actual commission rates can vary depending on market condition and the type of property.

**Table 1.3.5.4 Commission Structure for Private Residential Leasing Market**

Scenario	Commission
2-year lease / rent below \$3,500 per month	1 month's rent payable by landlord to landlord's agent 1 month's rent payable by tenant to tenant's agent
1-year lease / rent below \$3,500 per month	0.5 month's rent payable by landlord to landlord's agent 0.5 month's rent payable by tenant to tenant's agent
2-year lease / rent above \$3,500 per month	1 month's rent payable by landlord to landlord's and tenant's agents (to be split equally) 1 month's rent payable by landlord to landlord's agent if tenant does not appoint agent
1-year lease / rent above \$3,500 per month	0.5 month's rent payable by landlord to landlord's agent 0.5 month's rent payable by tenant to tenant's agent

Source: 99.co, "Singapore property agents commission: what should I pay?" found in ([www.99.co/blog/singapore/commission-property-agents/](http://www.99.co/blog/singapore/commission-property-agents/)), as extracted on 28 April 2017

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### 1.3.5.5 HDB Leasing Market

Owners of HDB flats are allowed to sublet their flats, on the basis that owners and tenants meet certain conditions. The subletting period for each tenant is typically one or two years, but it can be as short as 6 months per application. The commission structure for the HDB leasing market is similar to the one listed for the private residential leasing market (see Section 1.3.5.4).

### 1.3.5.6 Commission Scheme for Agents

Each agency typically has a career advancement programme to encourage and reward better performing agents through a cumulative commission structure. An agent may progress up the ranks, with certain criteria met, such as upgrading training programmes and recruitment of salespersons. The typical commission paid from the agency to the agent ranges from 70-90% in the industry, depending on the experience and performance of the salesperson. ERA's commission scheme for agents is largely in line with usual market practice. Below is an illustration of ERA's commission scheme.

**Table 1.3.5.6 Commission Scheme for Agents**

Cumulative Commission	Commission Payout to Agent
\$18,000 and below	70%
\$18,001 to \$38,000	75%
\$38,001 to \$68,000	80%
\$68,001 to \$88,000	85%
Above \$88,000	90%

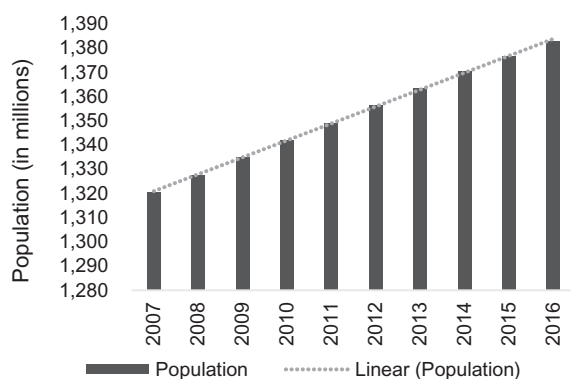
Source: Information obtained from ERA

## 1.4 Brokerage Services Sector in Other Geographies

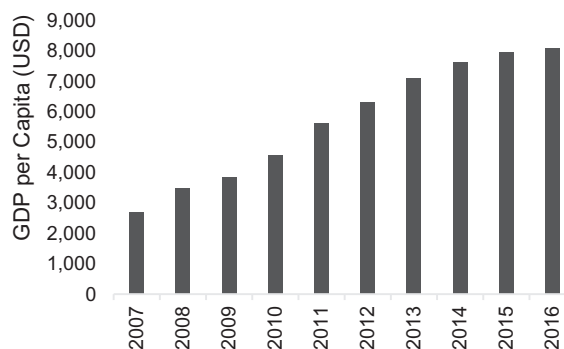
### 1.4.1 China

At the national level, China's housing market experienced rapid price growth in 2016. Average new development prices across China's 70 major cities saw growth of 12.4% y-o-y in 2016, particularly in first-tier cities such as Shanghai, Shenzhen and Beijing. Shanghai saw continued strong price appreciation in 2016 which was primarily driven by high transactional volumes and limited supply coming online.

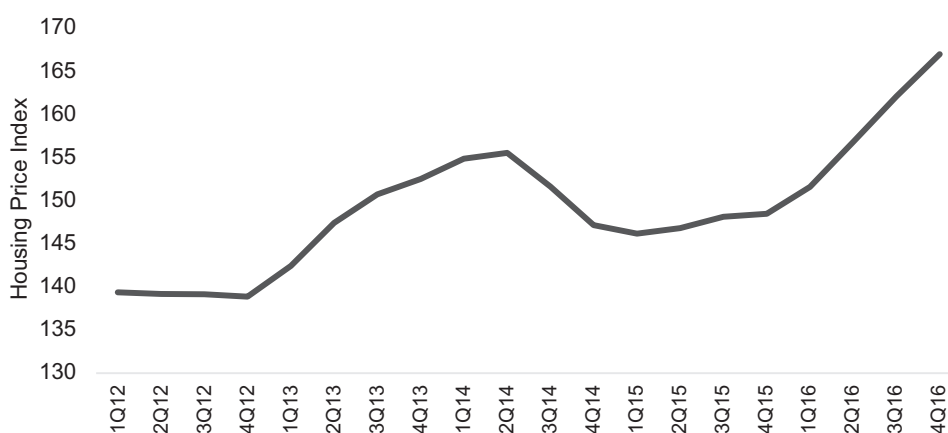
This has prompted the Central Government to implement the Home Purchase Restriction (HPR) to some 16 cities, targeting buyers in the first-tier and second-tier cities. Looking forward, China's property sector could possibly slow down in the near to mid-term, as a result of the strict sales and loan restrictions.

**Chart 1.4.1a China Population Growth**

Source: Oxford Economics Database, accessed on 28 April 2017

**Chart 1.4.1b China GDP per Capita**

Source: Oxford Economics Database, accessed on 28 April 2017

**Chart 1.4.1c China Housing Price Index**

Source: Oxford Economics Database, accessed on 28 April 2017

Note: Oxford Economics has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

It is likely for government intervention to persist in the China real estate market in order to address price affordability issues. Thus, volumes in certain specific markets (such as Beijing) are likely to soften in the short term. Nevertheless, prospects for real estate agencies are still very strong in China, due to its sheer real estate market size and scale. Currently, the largest agencies operating in the market across China include Lianjia and Centaline. There was speculation of a potential Lianjia IPO in 2016 after it was reported that Lianjia completed a Series B capital raising of US\$926 million. Lianjia is located in 20 cities across China with reported revenues in excess of US\$2 billion in 2015. As the China market matures, there will be increasing opportunities, beyond the first-tier markets, as wealth is emerging from the second and third-tier markets.

#### 1.4.2 Indonesia

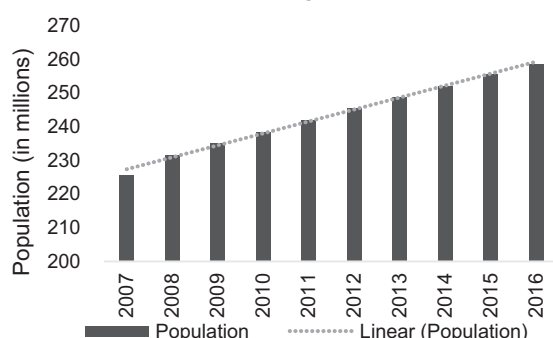
Indonesia's GDP growth rose by 5.0% y-o-y in 2016, from 4.9% in 2015, driven by robust private consumption. Consumer confidence in Indonesia also improved, soaring to a 21-month high in October 2016 on public approval for government reform programmes, including tax amnesty, before falling slowly towards the end of 2016 due to a modest change in jobs and income outlook. According to the

Asian Development Bank, private consumption levels are expected to remain healthy, while the revival of investments and external trade is likely to strengthen growth in the next few years.<sup>31</sup>

2015 saw the relaxation of foreign investment in residential properties, albeit with strict restrictions still being in place. For instance, foreigners can now purchase new projects through a developer, but are not allowed to rent out the apartments for rental income. Other restrictions also include a minimum price requirement of IDR 5 billion (US\$375,000) for an apartment and IDR 10 billion (US\$750,000) for a landed property. However, foreign ownership of apartments and landed homes falls under the 'right-of-use' category, which is weaker than the 'right-of-ownership' category for Indonesian citizens.

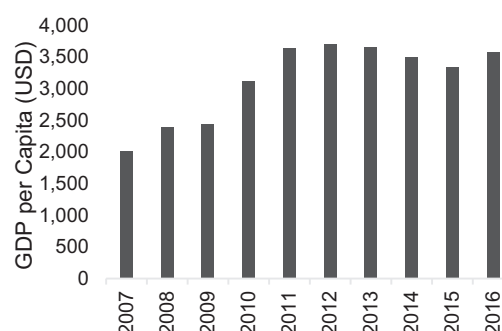
The Jakarta market has seen a more subdued growth in recent years, in contrast to the overall Indonesian Property Price Index which has seen continual strong growth. The mass market residential sector is the most active of all, due to the introduction of the additional 20% luxury tax for properties above IDR 10 billion which has kept investors away from the luxury segment. Above average supply levels were injected to the Jakarta market in 2016, with even higher supply to hit the market in 2017 and 2018.

**Chart 1.4.2a Indonesia Population Growth**



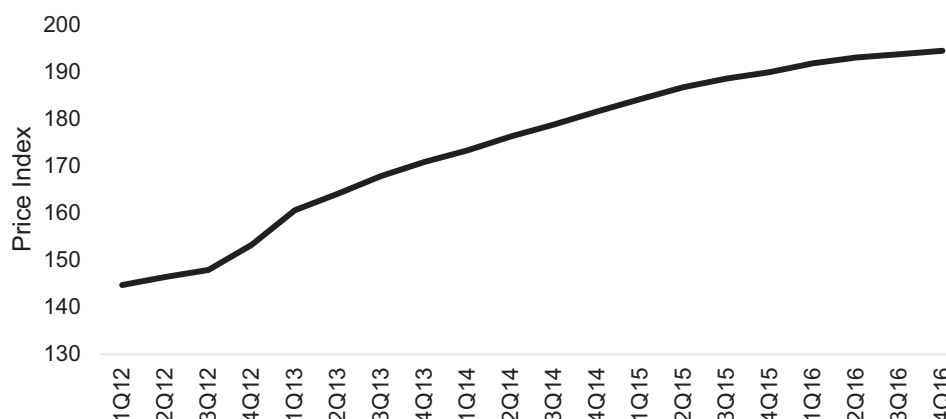
Source: Statistics Indonesia, found in (<https://www.bps.go.id/index.php>), as extracted on 28 April 2017

**Chart 1.4.2b Indonesia GDP per Capita**



Source: Oxford Economics Database, accessed on 28 April 2017

**Chart 1.4.2c Indonesia Property Price Index**



Source: Bank Indonesia, "Residential Property Price Survey for Primary House, Quarter 1-2017", as extracted on 28 April 2017

Note: Statistics Indonesia, Oxford Economics and Bank Indonesia have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>31</sup> Asian Development Bank (ADB), "Asian Development Outlook 2016 Asia's Potential Growth", as extracted on 28 April 2017

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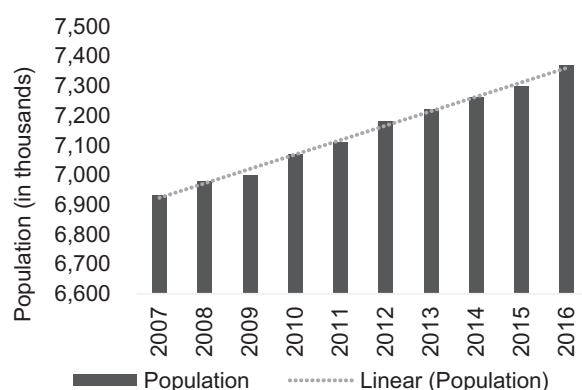
Given the relatively flat market, the overall real estate agency business within Jakarta has had some challenges in recent times and this is expected to continue over the course of 2017. Moving forward, transaction volumes could recover as a more balanced demand and supply environment emerges, providing a boost to the agency industry. Furthermore, the real estate brokerage business is poised to benefit from Indonesia's strong demographics and strengthening economic growth in the long term.

As of 31 March 2017, the largest real estate agencies in Indonesia are Ray White with 169 offices and ERA with 147 offices. More recently, Propnex expanded into the Indonesia market in the second half of 2016 to tap into a larger group of buyers interested in purchasing Singaporean properties. The company has launched a dual career path for agents, which allows an individual to remain in his or her role as a property agent, while at the same time being a manager and coach to other agents.

### 1.4.3 Hong Kong

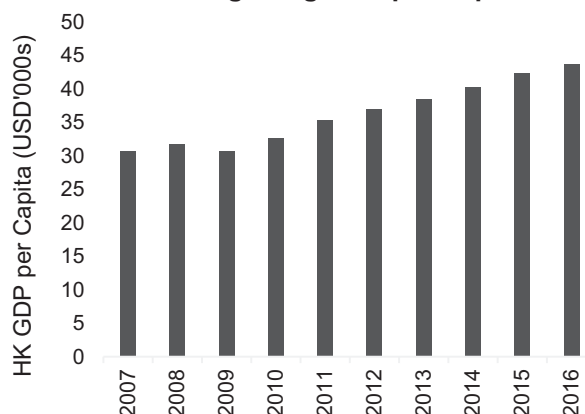
The Hong Kong real estate market has seen a period of sustained growth, despite recent small dips largely caused by government intervention. The country has seen ongoing controlled population growth over the past 10 years with annual average growth of 0.7%. Primary population drivers include the influx of Mainland Chinese and the one-way permit system which allows settlement for families with current Hong Kong PR status.

**Chart 1.4.3a Hong Kong Population Growth**



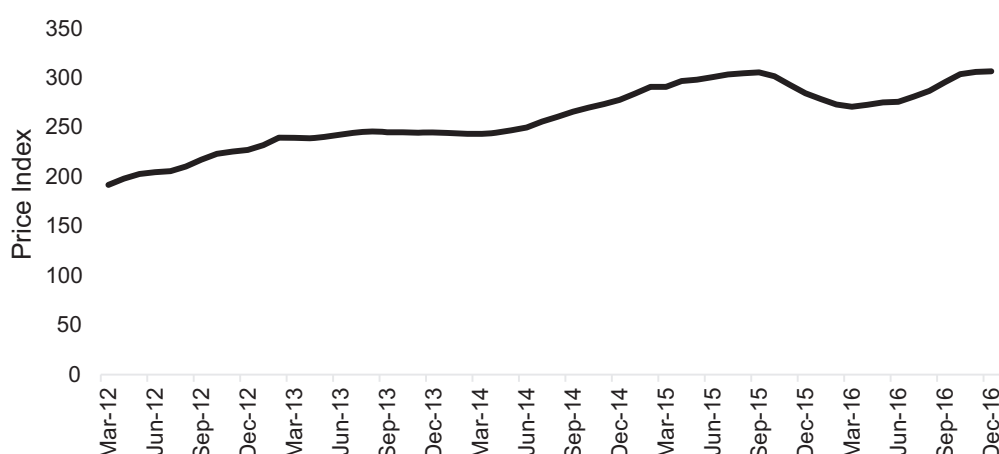
Source: Census & Statistics Department of Hong Kong, Demographic Statistics Section, found in ([www.censtatd.gov.hk](http://www.censtatd.gov.hk)), as extracted on 28 April 2017

**Chart 1.4.3b Hong Kong GDP per Capita**



Source: Oxford Economics Database, accessed on 28 April 2017

**Chart 1.4.3c Hong Kong Property Price Index**



Source: Hong Kong Rating & Valuation Department, Property Market Statistics, found in ([http://www.rvd.gov.hk/en/property\\_market\\_statistics/](http://www.rvd.gov.hk/en/property_market_statistics/)) as extracted on 28 April 2017

Note: The Census & Statistics Department of Hong Kong, Oxford Economics and Hong Kong Rating & Valuation Department have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information



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The residential real estate market in Hong Kong has remained extremely resilient, even with the ongoing government implemented cooling measures. Demand in the market has largely been driven by locals and mainland Chinese investors which are unlikely to abate anytime soon. The recent new property launches in Hong Kong have seen local records broken, such as Cheung Kong's Harbour Glory which set a new pricing level in the North Point district in April 2017. Residential real estate prices are forecast to see moderate growth over the course of 2017.

The real estate agency industry is regulated in Hong Kong via the Estate Agents Authority (EAA). This requires agents and agencies to have undertaken appropriate training and educational requirements and to hold a valid licence with EAA. The Hong Kong real estate agency market has a highly competitive landscape. The market is dominated by Centaline (together with its subsidiary Ricacorp Properties) and Midland Realty. These groups, when combined, have in excess of 1,000 branch offices throughout Hong Kong. Other groups active in the market (but more focused on luxury development launches) include JLL, Savills, and Cushman & Wakefield.

We believe that a combination of strong market fundamentals, and government efforts at increasing supply pipeline to the market will result in increased transaction volumes. This will eventually benefit the real estate agency industry.

#### **1.4.4 Japan**

Japan's GDP growth expanded at 1.0% y-o-y in 2016, lifted by an uptick in exports. Private consumption remains weak, as benefits of Prime Minister Shinzo Abe's Abenomics stimulus drive has yet to spread to the households.

Japan's population peaked in 2008 at 128.1 million, before starting to decline due to the nation's low birth rate. According to the National Institute of Population and Social Security Research, Japan's population is expected to decline by 31% from 127 million in 2016 to 88 million by 2065.<sup>32</sup> More recently, the government introduced an immigration policy at the beginning of 2017 that focuses on bringing in skilled foreign labour.

Economic growth is forecast at approximately 1.0% for 2017 before a projected slowdown to 0.8% in 2018. It is expected that there will be greater pressure on the government to reduce public debt which could amount to 240% of GDP by 2018. Reported measures to address this are likely to include structural reforms such as increases in corporate taxation rates.

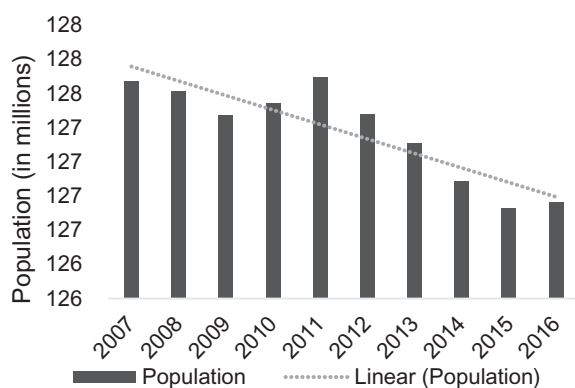
The plan to meet Japan's shrinking population problem has yet to be addressed by the government. As detailed below, population has only seen moderate decreases in recent years, declining by 0.7% since 2007. However, with current immigration policies in place, it is forecast that Japan's population would face a significant reduction of 31% by 2065. Despite these bleak forecasts, there has not been any further government debate regarding possible immigration policies.

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<sup>32</sup> National Institute of Population and Social Security Research, Population and Household Projection, found in (<http://www.ipss.go.jp>) as extracted on 28 April 2017

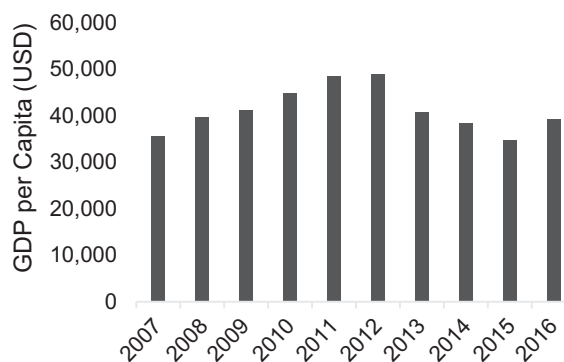
Note: National Institute of Population and Social Security Research has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

**Chart 1.4.4a Japan Population Growth**



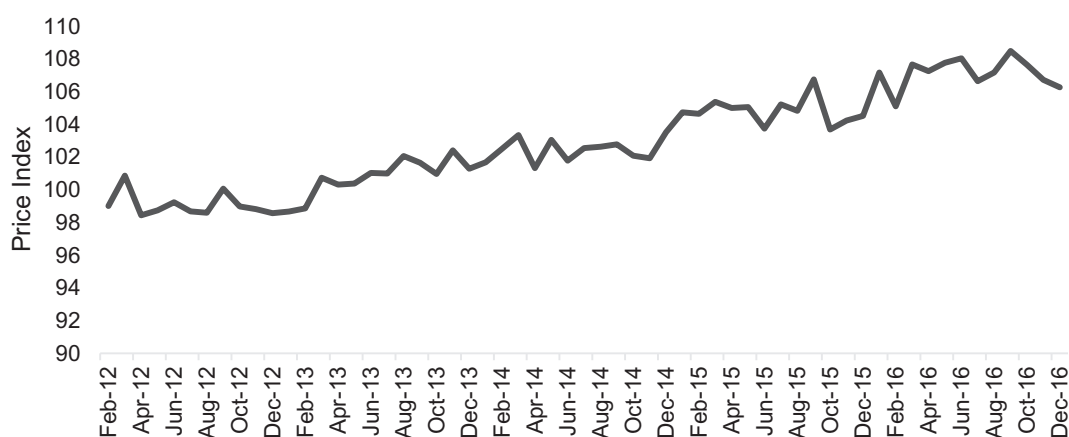
Source: Statistics Bureau of Japan, Population Census, found in (<http://www.stat.go.jp>), as extracted on 28 April 2017

**Chart 1.4.4b Japan GDP per Capita**



Source: Oxford Economics Database, accessed on 28 April 2017

**Chart 1.4.4c Japan Property Price Index**



Source: Ministry of Land, Infrastructure, Transport and Tourism, found in ([www.mlit.go.jp/en/index.html](http://www.mlit.go.jp/en/index.html)), as extracted on 28 April 2017

Note: The Statistics Bureau of Japan, Oxford Economics and Ministry of Land, Infrastructure, Transport and Tourism have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

The Japan property market has seen prices grown strongly since the introduction of Abenomics, in which public infrastructure spending, devaluation of the yen, and aggressive quantitative easing by the Bank of Japan has helped to prop up the economy.

Focusing on Tokyo, prices of new apartments have been on the rise due to soaring demand for building materials, labour crunch, as well as residential demand in the Central. The number of contracts for transactions in the resale condominium market have also reached a record high. As compared to a 7% appreciation in the nationwide Japan Property Price Index, the Tokyo apartment market experienced a 30% increase in prices since 2013.

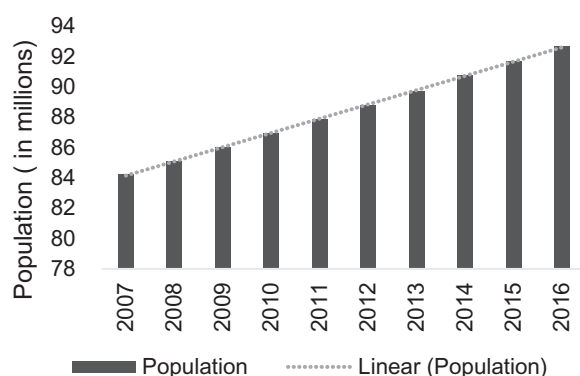
According to the Japan Real Estate Institute, prices of new apartments are expected to soften from 2021 onwards, after the injection of apartments built for the 2020 Olympics Athlete's Village, alongside a continued low economic growth rate and a shrinking working population.<sup>33</sup>

Typically, the residential real estate brokerage market within Japan is dominated by large local corporates which offer consolidated real estate services (typically including development, management and brokerage). These groups include Nomura, Dai-ichi Kangyo Bank, and Daiwa Securities. According to the ERA Asia Pacific website, ERA's Jyu-Tsu chain (as ERA is known in Japan) is the largest real estate franchise network in the country with over 500 offices. While market penetration for foreign real estate service providers is possible, their business is predominately focused on specific market sectors (such as foreign investors and occupiers) as opposed to the local mass market.

#### 1.4.5 Vietnam

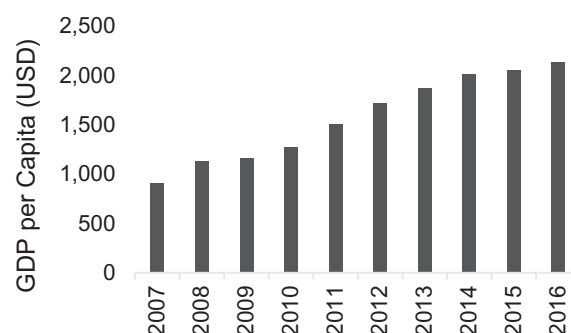
Vietnam continues to see sustained high levels of economic growth as GDP expanded 6.2% in 2016. 2016's GDP came slightly below the government's forecast of 6.7%, as contributions in the agricultural and mining sectors, as well as the financial and monetary markets were weaker than expected. According to the Asian Development Bank, Vietnam's GDP growth is projected to be 6.5% in 2017 and 6.7% in 2018.<sup>34</sup>

**Chart 1.4.5a Vietnam Population Growth**



Source: General Statistics Office of Vietnam, Population and Employment, found in (<http://www.gso.gov.vn>), as extracted on 28 April 2017

**Chart 1.4.5b: Vietnam GDP per Capita**



Source: Oxford Economics Database, accessed on 28 April 2017

Note: There is no official statistics of a housing price index in Vietnam.

Note: General Statistics Office of Vietnam and Oxford Economics have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

<sup>33</sup> Japan Real Estate Institute, published on 28 June 2016, as extracted on 28 April 2017.

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<sup>34</sup> Asian Development Bank (ADB), Vietnam Economy, as found in ([www.adb.org/countries/viet-nam/economy](http://www.adb.org/countries/viet-nam/economy)), as extracted on 28 April 2017

Note: ADB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

Focusing on Ho Chi Minh City, the residential market has seen significant increase in transaction volumes and prices over the last few years, as the nation becomes more affluent. There is lesser activity in the high-end condominium segment, while stronger demand stemmed from the mass-market segment. This is mainly due to middle-income earners who are able to borrow from financial institutions to finance their home purchase.

The brokerage market essentially consists of two sectors. The largest groups are the in-house brokerage teams of local property development firms which include the likes of Vingroup and Novaland Group. The other being international real estate consulting firms which offer localised residential agency services combined with institutional or corporate real estate services. The more prominent agencies in Vietnam include Savills and CBRE.

### 1.5 Regional Market Differences

**Table 1.5 Agency Practices across Countries**

	Singapore	Hong Kong	China	Indonesia	Japan	Vietnam
<b>Fee for Primary/ Secondary Market Transaction</b>	Primary: As high as 5%, depending on developer Secondary: Typically 1-2%	Primary: Typically 2-7% Secondary: Typically 1%	Primary: Typically 1-3% Secondary: Typically 1%	Typically 2-3% for primary & secondary markets	Typically 3% + ¥60k + Consumption tax (8%)	Primary Market: Typically 2-5% Secondary Market: Typically 1-1.5%
<b>Fee for Rental Market Transaction</b>	1 month rental for 2 year lease	1 month rental for 2 year lease	Shanghai: 0.35 month rental for 6 months lease. Other cities: 0.5 month rental for 6 months lease	4-5% of total rent for a 2 or 3 year lease	1 month rental for 1 year lease	1 month rental for 1 year lease
<b>Co-broke</b>	Commission split based on negotiation	Typically 25% for co-broke agent & 75% for primary agent	Commission split based on negotiation	Typically 50% for each party	Commission split based on negotiation or a referral fee	Commission split based on negotiation
<b>Commission Payout</b>	70-90% to agent	Typically fixed salary + 25-30% of commission	Fixed salary + bonus	Typically 60% to agent	Fixed salary + bonus	0.2-0.8% of property price goes to agency, remaining to agent
<b>Brokerage Licence</b>	Required	Required	Required, but barrier to entry low	Not required, agents can be independent.	Required	Required

	Singapore	Hong Kong	China	Indonesia	Japan	Vietnam
<b>Major Players</b>	ERA, Propnex, Huttons, Orangetee, Edmund Tie & Co	Centaline, Midland Realty, C&W, JLL, Savills	Lianjia, Centaline, Century 21, I Love My Family, Sinyi Realty	Raywhite, ERA Knight Frank, Century 21, Savills	Mitsui Fudosan Realty, Sumitomo Real Estate Sales, Tokyu Livable, Nomura Real Estate Group, Mitsubishi UFJ Real Estate Services	Green Land Real Estate and Service, Saigon Sacomreal Real Estate, CBRE, Savills, Hai Phat Investment
<b>Operating Business Model</b>	Main office with “mobile” agents	Traditional retail shop	Traditional retail shop	Main office with “mobile” agents	Traditional retail shop	Main office with “mobile” agents

Source: Cushman & Wakefield Research

The fee split between agencies and agents varies, depending on countries. In China and Japan, agents typically have a fixed salary with bonus (determined by management), whereas agents in Singapore, Indonesia and Vietnam have a variable salary, incentivised by way of commission. Hong Kong, on the other hand, adopts a mixed approach whereby the agent receives both fixed salary and commission. Compared to regional counterparts, profit margin is relatively thin in the Singapore context due to the competitive landscape, and the existing commission structure which pays out 70-90% to the agents.

Most countries require their agents to obtain a licence from their respective local authorities before they can perform transactions. The only exception is Indonesia whereby agents can operate independently without a licence. China requires their agents to obtain a licence but it is relatively easy to qualify.

Agencies in Hong Kong, China and Japan typically operate through traditional retail shops, whereby the shops are located on prominent streets with high footfall or in affluent residential areas. In Singapore, however, the agencies typically have only one head office for administrative purposes and training. Agents are not confined to a physical space, which results in lower operating costs for agencies.

ERA is a major player in the Singapore and Indonesia markets, and has the opportunity to expand and become a major player in the other regional markets as well.

## Section 2: Other Real Estate - Related Sectors

### 2.1 Training

Demand for training has been growing ever since the Continuing Professional Development (CPD) Programmes in Estate Agents (Estate Agency Work) Regulations was introduced in 2010. CPD is one of the key components of CEA's regulatory framework to achieve higher professional standards within the real estate agency industry. The objectives of the CPD scheme are to ensure that KEO and salespersons possess the necessary professional knowledge in estate agency work, as well as to continuously upgrade themselves by keeping abreast of the latest changes in government policies and procedures for property transactions.

Under the Estate Agents (Estate Agency Work) Regulations 2010, every KEO, practicing director/partner and salesperson is required to undertake CPD - a minimum of 6 credit hours of learning activities for each CPD cycle, of which at least 3 CPD credit hours must be on core subjects in order to renew his registration licence for the following year. This has opened up the real estate training industry, with companies providing full-day courses, seminars, lectures and workshops to cater to the regulatory changes. Real Estate Salesperson (RES) and CPD courses have to be approved by CEA. Major players consist of property agencies, professional training providers, while associations, government agencies, tertiary institutions and consultancies make up the minority players in the market, as set out in the table below.

**Table 2.1a: Approved Course Providers**

Approved Course Providers	Type	RES / CPD
Realty International Associate (RIA) – a subsidiary of APAC Realty	Training Provider	CEA Approved RES and CPD Course Provider
Life Mastery Academy	Training Provider	CEA Approved RES and CPD Course Provider
Real Centre Network	Training Provider	CEA Approved RES and CPD Course Provider
Benchmark Realpro	Training Provider	CEA Approved RES and CPD Course Provider
Pioneer Training & Consultancy	Training Provider	CEA Approved RES and CPD Course Provider
Institute of Estate Agents (IEA), Singapore	Association	CEA Approved RES and CPD Course Provider
Singapore Estate Agents Association (SEAA)	Association	CEA Approved RES and CPD Course Provider
Real Estate School	Training Provider	CEA Approved RES and CPD Course Provider
Hastor Property Services	Training Provider	CEA Approved RES and CPD Course Provider
C&H Properties	Property Agency	CEA Approved CPD Course Provider
ORANGETEE.COM PTE LTD	Property Agency	CEA Approved CPD Course Provider
PTO Property Services - C21	Property Agency	CEA Approved CPD Course Provider
Singapore Institute of Surveyors and Valuers (SISV)	Association	CEA Approved CPD Course Provider
Housing & Development Board (HDB)	Government Agency	CEA Approved CPD Course Provider
Singapore Institute of Management (SIM)	School	CEA Approved CPD Course Provider
Capelle Academy	Consultancy	CEA Approved CPD Course Provider

Source: CEA, found in (<https://www.cea.gov.sg/cpd>) as extracted on 28 April 2017

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Property agents are required to register for RES course from any approved course providers and sit for exams before they are qualified to perform a transaction. Agencies are merely collecting CEA registration fees on behalf of CEA. Additional income can only be earned from RES courses (typically \$600-\$850 per agent per course), but not from the exam and CEA registration fees.

## **2.2 Commercial and Industrial Leasing**

Commercial and industrial space are property used for office, retail and industrial purposes. Generally, leasing commercial and industrial property takes a significantly longer time than the leasing of residential property, and the leasing brokers or agents are often required to provide substantial analytical data and financial information. The role of the broker includes locating the right property, negotiating the lease on behalf of the landlords/tenants, coordinating the paperwork formalities, and other technical aspects of the lease process.

The commercial and industrial leasing market is typically dominated by international consultancies such as CB Richard Ellis, Cushman & Wakefield, Jones Lang LaSalle, Savills, Colliers, and Knight Frank due to their global network of offices and reputation in the market. Leasing commissions for commercial and industrial deals are subject to negotiation and can vary from building to building. In Singapore, commissions are typically quoted in terms of a percentage of the monthly rental value. As a common practice in Singapore, for property rentals above \$2,500 per month, the brokers do not charge the tenant any fees. The landlord will typically pay the commission equivalent to one month's gross rent. For monthly rental value of below \$2,500, the tenant is typically asked to pay a commission equivalent to half-month's gross rent.

Commercial and industrial leasing brokers are typically paid a base salary plus a commission. The split between the brokers and brokerage firms can range between 20:80 to 50:50, depending on the gross commission amount they earn. Typically, the higher the gross commission amount the broker brings to the brokerage, the better the commission split.

Generally speaking, there are two types of commercial and industrial leasing brokers:

- Landlord representation

A landlord representative designs a marketing programme to convince or persuade the network of brokers to bring tenants to the building. He also conducts tours and showings and represents the landlord in lease negotiations. A retainer fee equivalent to a percentage of the monthly rental value is typically received for every leasing transaction the building gets.

- Tenant representation

A tenant representative helps tenants in the locating and negotiating of spaces for lease. Typically, the commission is paid by the landlord, unless it is a lease renewal. As landlords typically do not pay commission to brokers for renewal, a tenant representative gets the commission from the tenant should the rental negotiation with the landlord translates to significant cost savings for the tenant.

## **2.3 Auction**

Real estate auction services are often provided when a bank liquidates the assets of debtors whose property has been confiscated due to a failed business or default on the home mortgage loan. Some owners also choose to sell properties through auction because of the opportunity to secure an optimal price within a specific time frame.

Major clients include banks, financial institutions, government and statutory bodies, liquidators, public companies, trustees, and individuals. Major auction players in the Singapore market include Jones Lang LaSalle, Knight Frank, Colliers and Edmund Tie & Co. (former DTZ).

Auction houses derive their revenues from the commission they get when a transaction takes place. Typically, the commission ranges between 0.8% and 1% of the transacted price, with banks typically paying the top end of the range. Out of the commissions paid by clients, the company takes approximately 90%, with the rest going to the auction team.



Auctioneers are typically remunerated on a fixed salary. Other expenses include the booking of auction venues and advertisement fees. Advertisement fees are generally not borne by the banks, but typically by the private property owner who chooses auction as a method of sale. Advertisement fees range from \$500 to \$800 per auction listing for apartments while advertisement fees for auction listings of landed properties are typically higher.

Total sales of auctioned units have been on an uptrend since 2013, after TDSR was introduced and an increasing number of investors are finding it more difficult to finance their assets. The value of transactions from auctions has almost doubled, from \$57.1 million in 2013 to \$105.7 million in 2016 and mortgagee sales are becoming more apparent at property auctions. Moving forward, the number of auctions, particularly mortgagee sales, are expected to rise.

## 2.4 Research

Real estate brokerage services providers typically have research platforms to provide client-facing resources and additional level of support for the real estate agents. The research department is responsible for data collection and analysis which directly supports agents and clients/developers. Some brokerage firms have also leveraged on their in-house research capabilities to engage in fee-earning activities such as consultancy and data services. Researchers are mostly on fixed salaries, although there is a practice in the industry to take a small proportion of the consultancy revenue.

## 2.5 Valuation

Property valuation or real estate appraisal is typically required for real estate transactions in Singapore to obtain financing from a lending institution, and assessment of property tax and stamp duties, amongst others. Anyone who appraises lands and buildings must apply for a licence from the Inland Revenue Authority of Singapore (IRAS), and must be a member of Singapore Institute of Surveyors and Valuers (SISV). In Singapore, the major valuation players in the market include CB Richard Ellis, Cushman & Wakefield, Jones Lang Lasalle, Savills, Knight Frank, and Colliers. The range of services provided is set out in the table below.

**Table 2.5: Types of Property Valuation**

Residential Valuation	Investment Portfolio Valuation & Consultancy
Development funding valuations	Asset valuation
Site and property appraisals	Valuation analysis and commentary
Corporate recovery services	Mergers and acquisitions work
Litigation and expert witness	Rental valuation
Land use studies	Statutory Valuation
Viability reports	Property tax
Mortgage appraisals	Compulsory acquisition
Sale or purchase appraisals	Stamp duty valuation
	Land premium valuation
	Development charge / differential premium

Source: Cushman & Wakefield Research

Valuers are typically fixed-pay employees of the real estate brokerage services providers. Valuation fees vary according to the type of properties appraised. The valuation for an HDB flat is carried out by a valuer from HDB's panel of valuers. According to HDB, the fees are typically about \$140 for the valuation of a 1 and 2-room flat, and about \$200 for flats which are 3 rooms and bigger. For valuation of private properties, the valuation fees range from \$94 to \$5,000, depending on the type and size of property, as quoted by The Inland Revenue Authority of Singapore (IRAS).

## 2.6 Property Management (Condominium)

The duties and responsibilities for property management agents include provision of maintenance, upkeep/upgrading, managing the accounts and costs, and administrative services of the entire estate

of a project, in accordance with the Building Maintenance & Strata Management Act 2004. They also work closely with the Management Corporation Strata Title (MCST), which is usually referred to as the Managing Council of the condominium.

For new developments, the property developer usually appoints a property management agent within 2 months of Temporary Occupation Permit (TOP). However, after the Managing Council is formed and the first Annual General Meeting (AGM) is held, it is free to re-appoint a new property management agent.

Under existing rules, property management agents are appointed by a condominium's MCST for up to three years. It is mandatory for the Managing Council to conduct an annual review of managing agents of strata-titled properties.

The management fee by the property management agent is charged on a monthly basis. The amount is usually dependent on the scale (i.e. number of units) and prestige of the condominium. The management fee varies, estimated at \$100 - \$150 per unit per annum for a suburban condominium and an estimated \$200 - \$250 per unit per annum for high-end projects.

The property management agent also collects a maintenance fee from residents through the MCST, which is apportioned according to the share value of their units.

The maintenance fee covers staff cost, hiring of contractors, landscaping, cleaning, pest control, security and lift repairs; with landscaping, cleaning, and security forming the bulk of the maintenance fee. Part of the maintenance fee also contributes to the sinking fund. The sinking fund covers long term asset replacement costs, such as lift overhauls, changing of tiles, and repainting of the building facade.

The property management agent may assign some staff to be stationed on site. The cost of an administrator working part-time is estimated at \$1,500 - \$2,000 per month, an executive at \$2,500 - \$3,000 per month, an assistant condominium manager at approximately \$3,500 per month, and a condominium manager at \$4,000 - \$4,500 per month. MCST will be responsible for the payroll of these staff. It is not mandatory for a project management firm to have a business unit (BU) leader, who is in-charge of a designated district, with on-site managing agents reporting to him. BU leaders usually takes a proportion of the fee from the managing agents to ensure the smooth running of condominiums.

The Singapore Institute of Surveyors and Valuers (SISV) as well as the Association of Property and Facility Managers (APFM) have campaigned for the accreditation of managing agents. There are currently no regulations for a property management firm to be accredited, but accredited firms which adhere to the code of conduct of SISV and APFM could help promote their brand as having achieved certain professional standards of property management.

There are currently 37 property management firms that have been accredited. Among this list, major residential property management players include Knight Frank Property Asset Management, Jones Lang LaSalle Property Consultants, Edmund Tie & Co, Chambers Property Management Services, Realty International Associate, and CPG Facilities Management.

## Section 3: SWOT Analysis of the Company

The following table shows the SWOT analysis:

Strength	Weakness
<ul style="list-style-type: none"> <li>- Being a market leader in agency strength, ERA has a strong track record of retaining and recruiting agents, even as other agencies have lost agents over the last three years. ERA is well-positioned to capitalise on the recovery of the property market.</li> <li>- More diversified presence across different residential segments, and has stable market share in both primary and secondary markets. Less susceptible to market volatility compared to other market players who are either focused in the primary market (e.g. Huttons) or the resale market (e.g. Propnex).</li> <li>- Secured marketing roles for majority of new project launches in 2017, which helps in maintaining ERA's market share in the primary market.</li> </ul>	<ul style="list-style-type: none"> <li>- Sub-franchised markets in Thailand, Malaysia, Indonesia, China, Taiwan and Korea operate independently.</li> <li>- The existing commission structure which pays out 70-90% to the agents, makes profit margin competitive relative to regional counterparts.</li> </ul>
Opportunity	Threat
<ul style="list-style-type: none"> <li>- Any easing of government's residential cooling measures should provide an impetus to transaction volume and property prices, which could drive the real estate brokerage business further.</li> <li>- Potential for ERA to expand existing regional franchises and outreach (e.g. Indonesia) and establish new regional franchises in other countries (e.g. Philippines, Cambodia).</li> <li>- Potential for ERA to increase market share in residential leasing and auction market.</li> <li>- Consolidation of agents from smaller agencies could help strengthen ERA's position in the Singapore market.</li> </ul>	<ul style="list-style-type: none"> <li>- Uncertainty in global economic outlook and a relatively milder recovery in the residential home prices and transaction volumes in Singapore.</li> <li>- Operate in a competitive landscape, particularly in the real estate brokerage sector in Singapore.</li> <li>- Potential poaching of ERA agents by smaller agencies.</li> <li>- Competition from technology disruption could increase the ease and number of DIY transactions that may not require the assistance of agents.</li> </ul>

Source: Cushman & Wakefield Research

## Section 4: Appendix A

### 4.1 Private Primary Residential Market

**Table 4.1 Market Share of ERA, Private Primary Residential Market Including ECs**

	Total Value of Private Residential New Homes Transacted in Singapore (S\$m)	Total Value of Private Residential New Homes Transacted by ERA (S\$m)	Market Share of ERA
2011	21,736.4	3,187.2	15%
2012	25,661.4	4,218.0	16%
2013	23,251.0	4,446.7	19%
2014	10,157.7	2,518.0	25%
2015	10,883.5	2,667.4	25%
2016	12,642.0	5,436.1	43%

	Total Number of Private Residential New Homes Transacted in Singapore (no. of units)	Total Number of Private Residential New Homes Transacted by ERA (no. of units)	Market Share of ERA
2011	18,222	2,968	16%
2012	23,142	4,252	18%
2013	18,865	3,548	19%
2014	8,211	2,113	26%
2015	9,987	2,499	25%
2016	11,565	4,793	41%

Note: There is no breakdown of the market share info if the transactions involve both the buyer's and seller's agent.

Source: Information on private residential new homes transacted in Singapore obtained from URA REALIS, data accessed on 28 April 2017. Information on private residential new homes transacted by ERA obtained from ERA. ERA's market share calculated by Cushman & Wakefield Research.

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

## 4.2 Private Residential Secondary Market

**Table 4.2 Market Share of ERA, Private Secondary Residential Market Including ECs**

	Total Transaction Value in the Secondary Market (\$m)	Total Value of Units Transacted by ERA in the Secondary Market (\$m)	Market Share of ERA
2011	30,717.0	10,023.8	33%
2012	31,422.8	9,202.1	29%
2013	16,742.9	5,556.3	33%
2014	11,563.4	3,865.8	33%
2015	13,633.1	5,130.0	38%
2016	17,301.8	5,987.7	35%

	Total Number of Transactions in Secondary Market (no. of units)	Total Number of Units Transacted by ERA in the Secondary Market (no. of units)	Market Share of ERA
2011	17,529	6,934	40%
2012	16,463	6,223	38%
2013	8,272	3,691	45%
2014	5,770	2,501	43%
2015	6,954	3,383	49%
2016	8,688	3,888	45%

Note: Secondary market transaction value excludes en-bloc deals and land transactions worth \$80 million or more. There is no breakdown of the market share info if the transactions involve both the buyer's and seller's agent.

Source: Information on private secondary transactions in Singapore obtained from URA REALIS, data accessed on 28 April 2017. Information on private secondary transactions by ERA obtained from ERA. ERA's market share calculated by Cushman & Wakefield Research.

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

### 4.3 Private Residential Leasing Market

**Table 4.3 Market Share of ERA, Private Residential Leasing Market**

	Total Value of Private Residential Leases Transacted in Singapore (\$m)	Total Value of Private Residential Leases Transacted by ERA (\$m)	Market Share of ERA
2011	5,806.6	797.6	14%
2012	6,397.0	829.1	13%
2013	6,849.5	911.4	13%
2014	7,203.9	1,065.4	15%
2015	7,393.9	1,231.4	17%
2016	7,348.7	1,331.1	18%

	Total Number of Private Residential Leases Transacted in Singapore (no. of units)	Total Number of Private Residential Leases Transacted by ERA (no. of units)	Market Share of ERA
2011	49,966	9,615	19%
2012	53,708	9,531	18%
2013	56,773	10,223	18%
2014	62,962	12,773	20%
2015	70,329	16,148	23%
2016	75,765	19,021	25%

Note: There is no breakdown of the market share info if the transactions involve both the landlord's and tenants's agent.

Source: Information on private residential leases transacted in Singapore obtained from URA REALIS, data accessed on 28 April 2017. Information on private residential leases transacted by ERA obtained from ERA. ERA's market share calculated by Cushman & Wakefield Research.

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#### 4.4 HDB Resale Market

**Table 4.4 Market Share of ERA, HDB Resale Market**

	Total Value of HDB Resale Flats Transacted in Singapore (\$m)	Total Value of HDB Resale Flats Transacted by ERA (\$m)	Market Share of ERA
2011	9,477.9	4,239.0	45%
2012	10,705.7	4,838.0	45%
2013	7,669.3	3,292.5	43%
2014	7,126.0	3,095.2	43%
2015	8,280.9	3,894.9	47%
2016	8,516.4	4,436.0	52%

	Total Number of HDB Resale Flats Transacted in Singapore (no. of units)	Total Number of HDB Resale Flats Transacted by ERA (no. of units)	Market Share of ERA
2011	22,281	9,849	44%
2012	23,198	10,503	45%
2013	16,097	7,036	44%
2014	16,096	7,104	44%
2015	19,033	9,139	48%
2016	19,410	10,288	53%

Note: Prior to March 2012, data is based on date of approval for the resale transactions. For March 2012 onwards, the data is based on date of registration for the resale transactions. There is no breakdown of the market share info if the transactions involve both the buyer's and seller's agent.

Source: Information on HDB resale flats transacted in Singapore was obtained from HDB Resale Statistics, found in ([www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics](http://www.hdb.gov.sg/cs/infoweb/residential/buying-a-flat/resale/resale-statistics)), as extracted on 28 April 2017. Information on HDB resale flats transacted by ERA obtained from ERA. ERA's market share calculated by Cushman & Wakefield Research.

Note: HDB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

#### 4.5 HDB Leasing Market

**Table 4.5 Market Share of ERA, HDB Leasing Market**

	Total Number of HDB Leases Transacted in Singapore	Total Number of HDB Leases Transacted by ERA	Market Share of ERA
2011	26,130	8,281	32%
2012	27,129	8,851	33%
2013	30,074	8,819	29%
2014	36,228	9,708	27%
2015	41,531	9,841	24%
2016	44,530	10,629	24%



Source: Information on number of HDB leases transacted in Singapore was obtained from HDB Rental Statistics as found in ([www.hdb.gov.sg/cs/infoweb/residential/renting-a-flat/renting-from-the-open-market/rental-statistics](http://www.hdb.gov.sg/cs/infoweb/residential/renting-a-flat/renting-from-the-open-market/rental-statistics)), as extracted on 28 April 2017. Information on number of HDB leases transacted by ERA obtained from ERA. ERA's market share calculated by Cushman & Wakefield Research.

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#### 4.6 Registered Agents for Top 10 Agencies

*No. of Registered Agents*

Real Estate Agency	December		
	2014	2015	2016
1 ERA Realty	6,132	6,373	6,477
2 Propnex Realty	5,891	6,046	5,823
3 Huttons Asia	3,492	3,193	3,050
4 Orangetee.com	2,131	2,211	2,480
5 Edmund Tie & Company Property Network	2,039	1,708	1,294
6 Dennis Wee Realty	1,519	1,440	1,242
7 Savills Residential	739	777	773
8 Global Alliance Property (C21 / GA)	637	477	709
9 Knight Frank Property Network	869	713	693
10 HSR International	1,292	767	594
Total for Top 10 Agencies	24,741	23,705	23,135

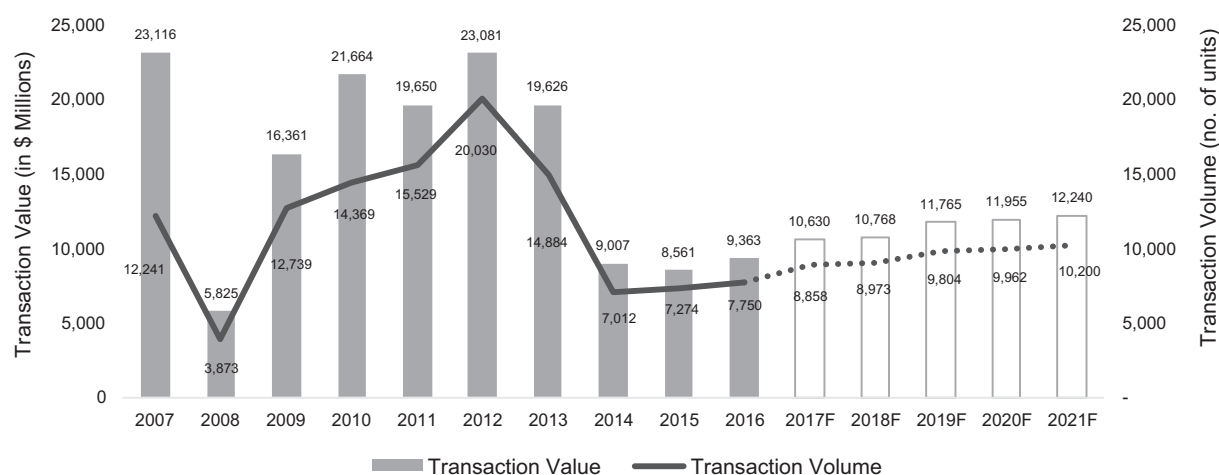
Source: CEA public register, found in ([www.cea.gov.sg/public-register](http://www.cea.gov.sg/public-register)) as extracted on 28 April 2017

Note: CEA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

#### 4.7 Residential Market Forecast

We forecast a gradual increase in primary transaction volumes over the next five years, in line with the increased investor confidence in the market. There has been a recovery in the number of primary units sold, which increased by 6.5% y-o-y in 2016. Moving forward, primary transaction volume is expected to grow by 14.3% in 2017 and a further 1.3% in 2018. Fundamentally, we believe that a sustainable medium-term GDP growth of 3% which Singapore is capable of achieving will form the solid bedrock from which the housing market can move forward.

**Chart 4.7a Singapore Primary Residential Market Forecast (excluding ECs)**

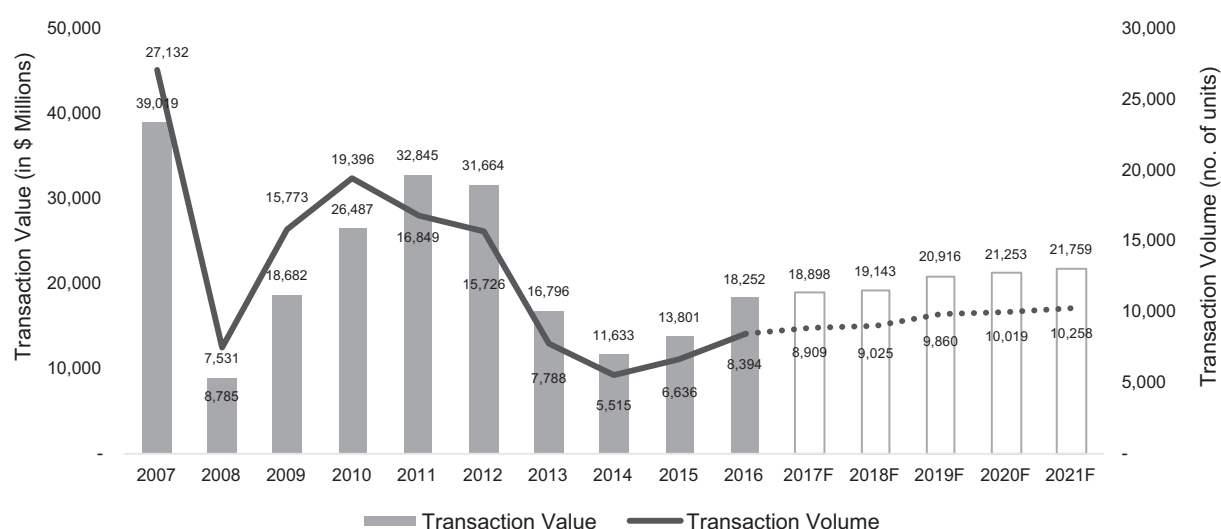


Source: Information of primary transaction value and volume for 2016 obtained from URA REALIS, data accessed on 28 April 2017. Primary transaction value and volume forecast for 2017 – 2021 by Cushman & Wakefield Research.

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

With a positive outlook from 2016 in the secondary market, together with the easing of cooling measures announced on 10 March 2017, buying activity is forecast to pick up in the coming years. The secondary market recovered in 2016 and we believe take-up is likely to continue strongly in 2017. In addition, the introduction of the Additional Conveyance Duty (ACD) on residential property-holding entities should incentivise developers to offload their unsold units via asset sales rather than share transfers as the loophole to get around ABSD has been plugged. Given the imminent Qualifying Certificate (QC) and ABSD for developers deadlines, developers will likely increase marketing activities on these unsold units which should boost secondary market volumes over the medium term.

**Chart 4.7b Singapore Secondary Residential Market Forecast**



Source: Information obtained from URA REALIS, data accessed on 28 April 2017, Cushman & Wakefield Research

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#### 4.8 Population and GDP Statistics

Country	2016 GDP (Current US\$ mil)	2016 Total Population
China	11,199,145	1,378,665,000
Australia	1,204,616	24,127,160
Japan	4,939,384	126,994,510
Hong Kong	320,912	7,346,700
South Korea	1,411,246	51,245,710
Singapore	296,966	5,607,280
Taiwan	528,550	23,540,000
Malaysia	296,359	31,187,260
New Zealand	185,017	4,692,700
Thailand	406,840	68,863,510
Philippines	304,905	103,320,220
Vietnam	202,616	92,701,100
Indonesia	932,259	261,115,460
Macau	44,803	612,170
Myanmar	67,430	52,885,220
Cambodia	20,017	15,762,370
Laos	13,790	7,163,000
Papua New Guinea	20,003	7,911,000
Brunei	11,400	423,200

Source: Information on 2016 GDP and total population data for Papua New Guinea, Laos and Taiwan were obtained from International Monetary Fund as found in ([https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx?sy=2015&ey=2022&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=99&pr1.y=9&c=853%2C544&s=NGDPD%2CLP&grp=0&a=\)](https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx?sy=2015&ey=2022&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=99&pr1.y=9&c=853%2C544&s=NGDPD%2CLP&grp=0&a=),), and ([Note: International Monetary Fund and The World Bank have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.](https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx?sy=2015&ey=2017&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=76&pr1.y=13&c=528&s=NGDPD%2CLP&grp=0&a=) as extracted on 28 April 2017. Information on 2016 GDP and total population data for the other countries in the above chart were obtained from The World Bank as found in (http://data.worldbank.org/indicator/SP.POP.TOTL) as extracted on 28 April 2017.</a></p>
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For and on behalf of

Cushman & Wakefield (S) Pte Ltd

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Stephen Rene Saul

Title: Managing Director

14 September 2017

## Caveats & Limitations

1. The submissions stated in the contract (hereinafter referred to as the "Report") will not be based on comprehensive market research of the overall market for all possible situations. Cushman & Wakefield Singapore (hereafter referred to as "C&W") will cover specific markets and situations, which will be highlighted in the Report. C&W will not be carrying out comprehensive field research based analysis of the market and the industry given the limited nature of the scope of the assignment. In this connection, C&W will rely solely on the information supplied to C&W and update it by reworking the crucial assumptions underlying such information as well as incorporating published or otherwise available information.

2. In conducting this assignment, C&W will carry out analysis and assessments of the level of interest envisaged for the property(ies) under consideration and the status of construction and the supply estimates for the sector(s) in general. The opinions expressed in the Report will be subject to the limitations expressed below.

a. C&W endeavors to develop forecasts on demand, supply and pricing on assumptions that would be considered relevant and reasonable at that point of time. All of these forecasts will be in the nature of likely or possible events/occurrences and the Report will not constitute a recommendation to the Client or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which forecasts have been generated and is not recommended as an input to a financial decision.

b. Changes in socio-economic and political conditions could result in a substantially different situation than those presented at the stated effective date. C&W assumes no responsibility for changes in such external conditions.

c. In the absence of a detailed field survey of the market and industry (as and where applicable), C&W will rely upon secondary sources of information for a macro-level analysis. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis.

d. The services provided will be limited to market research and will not constitute an audit, a due diligence, tax related services or an independent validation of the projections. Accordingly, C&W will not express any opinion on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report will be prepared solely for the purpose stated, and should not be used for any other purpose.

e. While the information included in the Report will be believed to be accurate and reliable, no representations or warranties, expressed or implied, as to the accuracy or completeness of such information is being made. C&W will not undertake any obligation to update, correct or supplement any information contained in the Report.

f. In the preparation of the Report, C&W will rely on the following information:

i. Information provided to us by the Client and its affiliates and subsidiaries and third parties;

ii. Recent data on the industry segments and market projections;

iii. Other relevant information provided to us by the Client and its affiliates and subsidiaries at C&W's request;

iv. Other relevant information available to C&W; and

v. Other publicly available information and reports.

3. The Report will reflect matters as they currently exist. Changes may materially affect the information contained in the Report.

4. All assumptions made in the market study will be based on information or opinions as current. In the course of the analysis, C&W would be relying on information or opinions, both written and verbal, as current obtained from third parties provided with, including limited information on the market, financial and operating data, which would be accepted as accurate in bona-fide belief. No responsibility is assumed for technical information furnished by the third party organizations and this is bona-fidely believed to be reliable.

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## APPENDIX D

### SUMMARY OF OUR CONSTITUTION

The discussion below provides information about certain provisions of our Constitution and the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and our Constitution.

The instrument that constitutes and defines our Company is the Constitution of our Company.

The following summarises certain Articles of our Constitution relating to:

- (a) power of a Director to vote on a proposal, arrangement or contract in which he is interested:

#### *Article 105*

*A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.*

- (b) the remuneration of our Directors:

#### *Article 82*

*The ordinary remuneration of the Directors shall from time to time be determined by an Ordinary Resolution of the Company, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.*

#### *Article 83*

- (A) *Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.*
- (B) *The remuneration (including any remuneration under Article 83(A) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover.*

#### *Article 85*

*The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.*

#### *Article 86*

*A Director may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and*

*be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.*

#### *Article 91*

*The remuneration of a Chief Executive Officer (or person holding an equivalent position) shall from time to time be fixed by the Directors and may subject to this Constitution be by way of salary or commission or participation in profits or by any or all these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.*

#### *Article 101(D)*

*An Alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as Alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his principal as such principal may by notice in writing to the Company from time to time direct.*

- (c) the borrowing powers exercisable by our Directors:

#### *Article 112*

*Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.*

- (d) the retirement or non-retirement of a Director under an age limit requirement:

There are no specific provisions in our Constitution relating to the retirement or non-retirement of a Director under an age limit requirement.

- (e) the shareholding qualification of a Director:

#### *Article 81*

*A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.*

- (f) the rights, preferences and restrictions attaching to each class of shares:

#### *Article 54*

*Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by 21 days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by 14 days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to all members other than such as are not under the provisions of this Constitution and the Act entitled to receive such notices from the Company; Provided always that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:*

- (a) *in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and*



- (b) *in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the members having a right to vote at that meeting,*

*Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. So long as the shares in the Company are listed on any Stock Exchange, at least 14 days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Stock Exchange.*

#### *Article 68*

*Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 13(C), each member entitled to vote may vote in person or by proxy. Every member who is present in person or by proxy shall:*

- (a) *on a poll, have one vote for every share which he holds or represents; and*
- (b) *on a show of hands, have one vote, Provided always that:*
- (i) *in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and*
- (ii) *in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.*

*For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company.*

#### *Article 13(C)*

*The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.*

#### *Article 126*

*Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:*

- (a) *all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*
- (b) *all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*

*For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.*

#### *Article 150*

*If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of a Special Resolution, divide among the*

*members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.*

- (g) any change in capital:

#### *Article 7*

*Subject to the Statutes and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 11, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:*

- (a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 11(A) with such adaptations as are necessary shall apply; and*
- (b) any other issue of shares, the aggregate of which would exceed the limits referred to in Article 11(B), shall be subject to the approval of the Company in General Meeting.*

#### *Article 11*

- (A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Stock Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 11(A).*
- (B) Notwithstanding Article 11(A), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:*
  - (a) (i) issue shares of the Company ("shares") whether by way of rights, bonus or otherwise; and/or*
  - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and*

- (b) *(notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,*

*Provided always that:*

- (1) *the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Stock Exchange;*
  - (2) *in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the listing rules of the Stock Exchange for the time being in force (unless such compliance is waived by the Stock Exchange) and this Constitution; and*
  - (3) *(unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).*
- (C) *Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Statutes and of this Constitution with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*

#### **Article 12**

- (A) *The Company may by Ordinary Resolution:*
- (a) *consolidate and divide all or any of its shares;*
  - (b) *subdivide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes and this Constitution), and so that the resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and*
  - (c) *subject to the provisions of the Statutes, convert its share capital or any class of shares from one currency to another currency.*
- (B) *The Company may by Special Resolution, subject to and in accordance with the Statutes, convert one class of shares into another class of shares.*

#### **Articles 13(A) and (B)**

- (A) *The Company may reduce its share capital or any undistributable reserve in any manner and with and subject to any incident authorised and consent required by law.*
- (B) *The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by,*

*and in accordance with, the Act. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.*

- (h) any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law:

#### *Article 9*

*Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital, other than redeemable preference capital, may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate General Meeting all the provisions of this Constitution relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.*

#### *Article 10*

*The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.*

- (i) any dividend restriction, the date on which the entitlement to dividends arises, any procedure for our Shareholders to claim dividends, any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement then operates:

#### *Article 124*

*The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors. No dividends may be paid, unless otherwise provided in the Statutes, to the Company in respect of treasury shares.*

#### *Article 125*

*If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.*

#### Article 126

*Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:*

- (a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
- (b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

*For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.*

#### Article 127

*No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.*

#### Article 131

*The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable shall be forfeited and shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date such dividend or other moneys are first payable.*

#### Article 134

*Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.*

#### Article 137

*Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.*



## APPENDIX E

### LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF OUR DIRECTORS AND EXECUTIVE OFFICERS

The present principal and past directorships held by our Directors and Executive Officers in the last five years preceding the Latest Practicable Date (excluding those held in our Company) are as follows:

**(A) Directors**

**(1) Mr. Stewart Yen Se-Hua**

**Present Directorships**

***Group corporations***

Nil

***Other corporations***

System-Bilt Pte Ltd

SECOM (Singapore) Pte Ltd

Verint Systems (Singapore) Pte Ltd

Shenstone Investments Pte Ltd

ProVision Technology (Asia Pacific) Pte Ltd

D'Garde Security Pte. Ltd.

Huatong Global Limited

STT Communications (Shanghai) Co., Ltd

System-bilt (Myanmar) Ltd

**Past Directorships**

***Group corporations***

Nil

***Other corporations***

Reliance Contractors Private Limited

Hersing Corporation Pte. Ltd.

Telechoice International Limited

SECOM Data Protection Pte. Ltd.

STT Communications (Beijing) Co, Ltd

Info D Pte Ltd

**(2) Mr. Jack Chua**

**Present Directorships**

***Group corporations***

Coldwell Banker Commercial Real Estate  
(S) Pte Ltd

Coldwell Banker Real Estate (S) Pte Ltd

ERA Realty Network Pte Ltd

ERA Singapore Pte Ltd

Realty International Associates Pte Ltd

***Other corporations***

Realty Partners Investments Pte. Ltd.

iSend Pte. Ltd.

iBuild Pte. Ltd.

**Past Directorships**

***Group corporations***

Nil

***Other corporations***

Windsor Management Pte. Ltd.

Firsjia Pte. Ltd.

Hersing Pte Ltd

Hersing Corporation Pte. Ltd.

Western Union Global Network Pte Ltd

HC Design Pte. Ltd.

HC Lifestyle Pte. Ltd.

Storhub 31A Pte. Ltd.

HC Home Pte. Ltd.

HC Self Storage Pte. Ltd.

HC Design Collection Pte. Ltd.

Hersing Store Pte. Ltd.

Storhub Management Pte. Ltd.

Storhub Holding Pte. Ltd.

Storhub Singapore Investment Pte. Ltd.

### **Present Directorships**

### **Past Directorships**

Storhub 25A Changi Pte. Ltd.  
Storhub 15 Changi Pte. Ltd.  
Storhub 743 Toa Payoh Pte. Ltd.  
Storhub 615 Toa Payoh Pte. Ltd.  
Storhub CS1 Pte. Ltd.  
Storhub CS2 Pte. Ltd.  
Storhub TP2 Pte. Ltd.  
Storhub TP1 Pte. Ltd.  
Storhub (Songjiang) Holding Pte. Ltd.  
Storhub (Songjiang) Property Pte. Ltd.  
Storhub Management (International) Pte. Ltd.  
Storhub Management (China) Pte. Ltd.  
Storhub (GZ Jingxi) Holding Pte. Ltd.  
Storhub (GZ Jingxi) Property Pte. Ltd.  
21 Tampines Pte. Ltd.  
23 Tampines Pte. Ltd.  
Storhub 31 Pte. Ltd.  
Storhub (SH HXL) Property Pte. Ltd.  
Storhub (SH HXL) Holding Pte. Ltd.  
Tim Ho Wan Pte. Ltd.  
Dim Sum Pte. Ltd.  
Tim Ho Wan (Singapore) Pte. Ltd.

### **(3) Mr. Tan Choon Hong**

#### **Present Directorships**

##### ***Group corporations***

Realty International Associates Pte Ltd  
ERA Real Estate Consulting (Shanghai)  
Co., Ltd

##### ***Other corporations***

Star Engineering Limited  
Nusantara FMCG Holdings  
Northstar Advisors Pte. Ltd.  
Arcadia Infrastructure Investment  
Asia Ventures Limited  
Telco Tower Holdings  
Precision Solutions Partners  
Precision Solutions Group  
Precision Solutions Limited  
Precision Solutions Holdings  
APAC Realty 1  
APAC Realty 2  
APAC Realty 3

#### **Past Directorships**

##### ***Group corporations***

ERA Realty Network Pte Ltd  
ERA Singapore Pte Ltd

Electronic Realty Associates Pte Ltd  
Coldwell Banker Real Estate (S) Pte Ltd  
Coldwell Banker Commercial Real Estate (S)  
Pte Ltd

##### ***Other corporations***

Realty Partners Investments Pte. Ltd.  
Samudra Energy Limited  
Angels Creek Ltd  
Privilege Mission Inc.  
Central Cascadia Ltd  
Asia Pacific Realty Partners Pte. Ltd.  
Thanaban Co., Ltd



**Present Directorships**

Asia Pacific Realty Holdings Ltd  
 Attadale Investment Limited  
 PGA Realty Partners Ltd  
 Northstar Samudra Holdings I Incorporated  
 Northstar Samudra Holdings II Incorporated  
 Northstar Samudra Holdings III Incorporated  
 NSI SLP GP Limited  
 Orion Capital Ltd  
 Archipelago Tourism Holdings  
 Archipelago Tourism Limited  
 Northstar IV Technology Holdings Inc.  
 Modern Retail Group Limited  
 Modern Retail Holdings Limited  
 Modern Retail Finance Limited  
 Modern Retail Partners Limited  
 Modern Retail Treasury Ltd  
 Nusantara FMCG Limited  
 Nera Telecommunications Ltd  
 Polaris Capital Investment Limited  
 Thai Credit Retail Bank PCL  
 Asia Systems Ltd  
 Advance Wealth Finance Ltd

**Past Directorships****(4) Mr. Tommy Teo Zhi Zhuang****Present Directorships*****Group corporations***

ERA Singapore Pte Ltd  
 Electronic Realty Associates Pte Ltd  
 Coldwell Banker Real Estate (S) Pte Ltd  
 Coldwell Banker Commercial Real Estate (S) Pte Ltd  
 ERA Realty Network Pte Ltd

***Other corporations***

Waterbay Investment Limited  
 Go-Jek Singapore Pte Ltd  
 Realty Partners Investments Pte. Ltd.  
 PT Multi Adiprakarsa Manunggal  
 Asia Infra Networks Ltd  
 Modern Retail Group Limited  
 Canopus Oeconomus Limited  
 Jubilee Analytics Ltd  
 NTH Gemma Inc  
 Vibrant Colors Development Limited  
 SEA Maritime Finance Limited  
 Langford Universal Finance Ltd  
 Gochean Holdings Incorporated  
 eRealty Analytics Limited

**Past Directorships*****Group corporations***

Nil

***Other corporations***

Asia Payments Finance Ltd  
 Asia Pacific Realty Partners Pte. Ltd.

	<b>Present Directorships</b> Emerging Asia Finance Limited Central Cascadia Ltd Casa Decora Investments Ltd Canopus Tower Limited Canopus Securities Limited Canopus Realty Ltd Canopus Asia Capital Limited Asia Pacific Realty Holdings Ltd Asia Infra Networks Holdings Ltd APAC Realty 1 APAC Realty 2 APAC Realty 3 Winlord Enterprises Ltd Sirius Asia Financial Limited	<b>Past Directorships</b>
(5)	<b>Mr. Tan Bong Lin</b> <b>Present Directorships</b> <i>Group corporations</i> Nil <i>Other corporations</i> Nil	<b>Past Directorships</b> <i>Group corporations</i> Nil <i>Other corporations</i> Parkway Trust Management Limited
(6)	<b>Mr. Hee Theng Fong</b> <b>Present Directorships</b> <i>Group corporations</i> Nil <i>Other corporations</i> Straco Corporation Limited F&H Singhome Fund III Ltd. China Jinjiang Environment Holding Company Limited Singapore Chinese Cultural Centre Chua Foundation F&H Singhome Fund II Ltd. Chinese Development Assistance Council First Resources Limited YHI International Limited Tye Soon Limited Datapulse Technology Limited	<b>Past Directorships</b> <i>Group corporations</i> Nil <i>Other corporations</i> Delong Holdings Ltd Business China NTUC Fairprice Co-operative Limited  NTUC Fairprice Foundation Ltd. RHT Corporate Advisory Pte. Ltd. HTF Management Pte. Ltd.
(B)	<b>EXECUTIVE OFFICERS</b>	
(1)	<b>Mr. Jack Chua</b> See above.	
(2)	<b>Mr. Poh Chee Yong</b> <b>Present Directorships</b> <i>Group corporations</i> Nil	<b>Past Directorships</b> <i>Group corporations</i> Nil

	<b>Present Directorships</b> <b><i>Other corporations</i></b> Nil	<b>Past Directorships</b> <b><i>Other corporations</i></b> Nil
(3)	<b>Mr. Eugene Lim</b> <b>Present Directorships</b> <b><i>Group corporations</i></b> ERA Realty Network Pte Ltd <b><i>Other corporations</i></b> Nil	<b>Past Directorships</b> <b><i>Group corporations</i></b> Nil <b><i>Other corporations</i></b> Nil

## APPENDIX F

### TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION FOR AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

Applications are invited for the subscription for and/or purchase of the Offering Shares at the Offering Price on the terms and conditions set out below and in the printed application forms to be used for the purpose of the Offering and which forms part of the prospectus (the “**Application Forms**”) or, as the case may be, the Electronic Applications (as defined herein).

Investors applying for the Offering Shares by way of Application Forms or Electronic Applications are required to pay, in Singapore dollars, the Offering Price, subject to a refund of the full amount or, as the case may be, the balance of the applications monies (in each case without interest or any share of revenue or other benefit arising therefrom, at the applicant's own risk and without any right or claim against us, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter) where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

- (1) The minimum initial subscription is for 1,000 Offering Shares. You may subscribe for or purchase a larger number of Offering Shares in integral multiples of 100. Your application for any other number of Offering Shares will be rejected.
- (2) You may apply for the Offering Shares only during the period commencing at 9.00 p.m. on 21 September 2017 and expiring at 12.00 noon on 26 September 2017. The Offering period may be extended or shortened to such date and/or time as we and the Vendor may agree with the Sole Issue Manager, Bookrunner and Underwriter, subject to all applicable laws and regulations and the rules of the SGX-ST.
- (3)
  - (a) Your application for the Offering Shares offered in the Public Offering (the “**Public Offer Shares**”) may be made by way of the printed **WHITE** Application Forms or by way of Automated Teller Machines (“**ATM**”) belonging to the Participating Banks (“**ATM Electronic Applications**”) or the Internet Banking (“**IB**”) website of the relevant Participating Banks, where available (“**Internet Electronic Applications**”), or the mobile banking interface of DBS Bank (“**mBanking Applications**”, which together with the ATM Electronic Applications and Internet Electronic Applications, shall be referred to as “**Electronic Applications**”).
  - (b) Your application for the Offering Shares offered in the Placement (the “**Placement Shares**”) may be made by way of the printed **BLUE** Application Forms (or in such other manner as the Sole Issue Manager, Bookrunner and Underwriter may in its absolute discretion deem appropriate).

**UNLESS PERMISSIBLE IN SUCH OTHER JURISDICTION, YOU MUST BE IN SINGAPORE AT THE TIME OF THE MAKING OF THE APPLICATION FOR THE OFFERING SHARES. YOU MAY NOT USE YOUR CENTRAL PROVIDENT FUND OR CPF INVESTIBLE SAVINGS TO APPLY FOR THE OFFERING SHARES.**

- (4) Only one application may be made for the benefit of one person for the Public Offer Shares in his own name. Multiple applications for the Public Offer Shares will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.

**You may not submit multiple applications for the Public Offer Shares whether by way of an Application Form for Public Offer Shares or an Electronic Application. A person who is submitting an application for the Public Offer Shares by way of an Application Form for Public Offer Shares may not submit another application for the Public Offer Shares by way of an Electronic Application and vice versa.**

**A person other than an approved nominee company who is submitting an application for the Public Offer Shares in his own name should not submit any other applications for the Public Offer Shares, whether by way of an Application Form or an Electronic Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.**

**Joint or multiple applications for the Public Offer Shares shall be rejected. Persons submitting or procuring submissions of multiple applications for the Public Offer**

Shares may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore, and the SFA, and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications (other than as provided herein) will be liable to be rejected at our discretion.

- (5) **Multiple applications may be made in the case of applications by any person for (i) the Placement Shares only (by way of Application Forms for Placement Shares or such other form of application as the Sole Issue Manager, Bookrunner and Underwriter may in its absolute discretion deem appropriate) or (ii) the Placement Shares together with a single application for the Public Offer Shares whether by way of an Application Form for Public Offer Shares or an Electronic Application.**
- (6) Applications from any person under the age of eighteen (18) years, undischarged bankrupts, sole proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP will be rejected.
- (7) Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of the application.
- (8) The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 9 below.
- (9) **Nominee applications may only be made by approved nominee companies.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.
- (10) **If you are not an approved nominee company, you must maintain a Securities Account with CDP in your own name at the time of your application.** If you do not have an existing Securities Account with CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) or you will not be able to complete your application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your CDP Securities Account number or provide an incorrect CDP Securities Account number in your Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected.
- (11) Subject to paragraphs 13 to 16 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card ("**NRIC**") number or passport number or company registration number, nationality or permanent residence status, and CDP Securities Account number provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.
- (12) **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address that was last registered with CDP.**
- (13) This Prospectus and its accompanying documents (including the Application Forms) have not been registered in any jurisdiction other than in Singapore. The distribution of this Prospectus and its accompanying documents (including the Application Forms) may be prohibited or

restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

Without limiting the generality of the foregoing, neither this Prospectus and its accompanying documents (including the Application Forms) nor any copy thereof may be taken, transmitted, published or distributed, whether directly or indirectly, in whole or in part in or into the United States or any other jurisdiction (other than Singapore) and they do not constitute an offer of securities for sale or a solicitation of an offer to buy any securities in the United States or any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such an offer. The Offering Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and may not be offered or sold within the United States (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state laws. The Offering Shares are being offered and sold outside the United States (including institutional and other investors in Singapore) in reliance on Regulation S. There will be no public offer of Offering Shares in the United States. Any failure to comply with this restriction may constitute a violation of securities laws in the United States and in other jurisdictions.

**We and the Vendor reserve the right to reject any application for the Offering Shares where we and the Vendor believe or have reason to believe that such applications may violate the securities laws or any applicable legal or regulatory requirements of any jurisdiction.**

No person in any jurisdiction outside Singapore receiving this Prospectus or its accompanying documents (including the Application Forms) may treat the same as an offer or invitation to subscribe for and/or purchase any Offering Shares unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.

- (14) We and the Vendor reserve the right to reject any application which does not conform strictly to the instructions or with the terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms, the ATMs and IB websites of the relevant Participating Banks and the mobile banking interface (“**mBanking Interface**”) of DBS Bank) or, in the case of an application by way of an Application Form, the contents of which are illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up, or improper form of remittance or a remittance which is not honoured upon its first presentation.
- (15) We and the Vendor further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions and terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms, the ATMs and IB websites of the relevant Participating Banks and the mBanking Interface of DBS Bank), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof. Without prejudice to the rights of our Company and the Vendor, the Sole Issue Manager, Bookrunner and Underwriter, as an agent of our Company and the Vendor, has been authorised to accept, for and on behalf of our Company and the Vendor, such other forms of application as the Sole Issue Manager, Bookrunner and Underwriter may deem appropriate.
- (16) We and the Vendor reserve the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application without assigning any reason therefor, and none of our Company, the Vendor nor the Sole Issue Manager, Bookrunner and Underwriter will entertain any enquiry and/or correspondence on the decision of our Company and the Vendor. This right applies to applications made by way of Application Forms and Electronic Applications and by such other forms of application as the Sole Issue Manager, Bookrunner and Underwriter may, in consultation with our Company and the Vendor, deem appropriate. In deciding the basis of allocation, our Company and the Vendor, in consultation with the Sole Issue Manager, Bookrunner and Underwriter, will give due consideration to the desirability of allocating the

Offering Shares to a reasonable number of applicants with a view to establishing an adequate market for the Offering Shares.

- (17) In the event that we and the Vendor lodge a supplementary or replacement prospectus (“**Relevant Document**”) pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Offering, and the Offering Shares have not been issued and/or transferred to you, our Company and the Vendor will (as required by law) at our Company’s and the Vendor’s sole and absolute discretion either:
- (a) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make the Relevant Document available to you within a reasonable period of time if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or
  - (b) within seven (7) days of the lodgement of the Relevant Document, provide you with a copy of the Relevant Document and provide you with an option to withdraw your application; or
  - (c) treat your application as withdrawn and cancelled and refund all monies paid in respect of your application (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter) to you within seven (7) days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 17(a) and 17(b) above to withdraw his application shall, within fourteen (14) days from the date of lodgement of the Relevant Document, notify us and the Vendor of this whereupon we and the Vendor shall, within seven (7) days from the receipt of such notification, return to the applicant all monies paid by such applicant in respect of such application (without interest or any share of revenue or other benefit arising therefrom, at the applicant’s own risk and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter) to the applicant.

- (18) In the event that the Offering Shares have already been issued and/or transferred at the time of the lodgement of the Relevant Document but trading has not commenced, we and the Vendor will (as required by law) either:
- (a) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to us the Offering Shares which you do not wish to retain title in and take all reasonable steps to make the Relevant Document available to you within a reasonable period of time if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or
  - (b) within seven (7) days from the lodgement of the Relevant Document, provide you with a copy of the Relevant Document and provide you with an option to return to us and the Vendor those Offering Shares which you do not wish to retain title in; or
  - (c) subject to compliance with the Companies Act and our Constitution, treat the issue and/or transfer of the Offering Shares as void and return all monies paid in respect of your application (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter) within seven (7) days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 18(a) and 18(b) above to return the Offering Shares issued and/or transferred to him shall, within fourteen (14) days from the date of lodgement of the Relevant Document, notify us and the Vendor of this and return all documents, if any, purporting to be evidence of title of those Offering Shares to us and the



Vendor, whereupon we and the Vendor shall, within seven (7) days from the receipt of such notification and documents, if any, return to the applicant all monies paid by such applicant for the Offering Shares (without interest or any share of revenue or other benefit arising therefrom, at the applicant's own risk and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter), and the Offering Shares issued and/or transferred to him shall be treated as void.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

- (19) The Offering Shares may be re-allocated between the Placement and the Public Offering for any reason, including in the event of excess applications in one and a deficit of applications in the other, by the Sole Issue Manager, Bookrunner and Underwriter, in consultation with our Company and the Vendor, subject to any applicable laws.
- (20) Subject to your provision of a valid and correct CDP Securities Account number, share certificates in respect of the Offering Shares will be registered in the name of CDP or its nominee and will be forwarded only to CDP. If your application is successful, it is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Offering, and subject to the submission of valid applications and payment for the Offering Shares, a statement of account stating that your CDP Securities Account has been credited with the number of Offering Shares allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by us and/or the Vendor. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Offering Shares allocated to you. This authorisation applies to applications made both by way of Application Form and Electronic Application.
- (21) You irrevocably authorise CDP to disclose the outcome of your application, including the number of Offering Shares allocated to you pursuant to your application, to our Company, the Sole Issue Manager, Bookrunner and Underwriter and any other parties so authorised by CDP, our Company, the Vendor and/or the Sole Issue Manager, Bookrunner and Underwriter.
- (22) Any reference to "you" or the "Applicant" in this appendix shall include an individual, a corporation, an approved nominee company and trustee applying for the Offering Shares by way of an Application Form or an Electronic Application or by such other manner as the Sole Issue Manager, Bookrunner and Underwriter may, in its absolute discretion, deem appropriate.
- (23) By completing and delivering an Application Form and, in the case of: (i) an ATM Electronic Application, by pressing the "Enter" or "OK" or "Confirm" or "Yes" key or any other relevant key on the ATM, and (ii) an Internet Electronic Application or mBanking Application, by clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other relevant button on the IB website screen of the relevant Participating Bank or the mBanking Interface of DBS Bank in accordance with the provisions therein, you:
  - (a) irrevocably agree and undertake to subscribe for and/or purchase the number of Offering Shares specified in your application (or such smaller number for which the application is accepted) at the Offering Price and agree that you will accept such number of Offering Shares as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, the Prospectus and its accompanying documents (including the Application Forms), as well as the Constitution of the Company;
  - (b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and its accompanying documents (including the Application Form) and those set out in the IB websites or ATMs of the relevant Participating Banks or the mBanking Interface of DBS Bank, the terms and conditions set out in this Prospectus and its accompanying documents (including the Application Forms) shall prevail;

- (c) in the case of an application by way of an Application Form for Public Offer Shares or an Electronic Application, agree that the Offering Price for the Public Offer Shares applied for is due and payable to us and the Vendor upon application;
- (d) in the case of an application by way of an Application Form for Placement Shares or such other forms of application as the Sole Issue Manager, Bookrunner and Underwriter may, in its absolute discretion, deem appropriate, agree that the aggregate Offering Price for the Placement Shares applied for is due and payable to us and the Vendor upon application;
- (e) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by us, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter in determining whether to accept your application and/or whether to allocate any Offering Shares to you;
- (f)
  - (i) consent to the collection, use, processing and disclosure of your name, NRIC or passport number or company registration number, address, nationality or permanent resident status, CDP Securities Account number, share application details (including share application amount), the outcome of your application (including the number of Offering Shares allocated to you pursuant to your application) and other personal data ("**Personal Data**") by the Share Registrar, CDP, Securities Clearing Computer Services (Pte) Ltd ("**SCCS**"), the SGX-ST, the Participating Banks, our Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter and/or other authorised operators (the "**Relevant Parties**") for the purpose of facilitating your application for the Offering Shares, and in order for the Relevant Parties to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**") and warrant that such Personal Data is true, accurate and correct,
  - (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Parties, you have obtained the prior consent of such beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Parties of the Personal Data of such beneficial owner(s) for the Purposes,
  - (iii) agree that the Relevant Parties may do anything or disclose any Personal Data or matters without notice to you if the Sole Issue Manager, Bookrunner and Underwriter considers them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body, and
  - (iv) agree that you will indemnify the Relevant Parties in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the "**Personal Data Privacy Terms**");
- (g) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Vendor nor the Sole Issue Manager, Bookrunner and Underwriter will infringe any such laws as a result of the acceptance of your application;
- (h) agree and confirm that you are not a U.S. person and that you are outside the United States (within the meaning of Regulation S); and
- (i) understand that the Offering Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and accordingly, they may not be offered or sold within the United States or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, there will be no public

offer of the Offering Shares in the United States and the Offering Shares are only being offered and sold outside the United States in offshore transactions as defined in, and in reliance on, Regulation S or pursuant to another exemption. Any failure to comply with these terms may constitute a violation of the United States securities laws.

- (24) Acceptance of applications will be conditional upon, among others, our Company and the Vendor being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for the quotation of all our issued Shares including the Vendor Shares and the Additional Shares, the New Shares and the Cornerstone Shares on the Mainboard of the SGX-ST;
  - (b) the Underwriting Agreement, referred to in “*Plan of Distribution*”, has become unconditional and has not been terminated; and
  - (c) the MAS has not served a stop order pursuant to Section 242 of the SFA directing that no or no further Offering Shares to which this Prospectus relates be allotted, issued or sold (“**Stop Order**”). The SFA provides that the MAS shall not serve a Stop Order if all the Offering Shares have been issued or sold, and listed for quotation on the SGX-ST and trading in them has commenced.
- (25) In the event that a Stop Order in respect of the Offering Shares is issued by the MAS or other competent authority, and subject to the laws of Singapore:
- (a) where the Offering Shares have not been issued and/or transferred to the applicants, all applications shall be deemed to be withdrawn and cancelled and we and the Vendor shall, within 14 days of the date of the Stop Order, return to the applicants all monies paid by the applicants on account of their applications for the Offering Shares (without interest or any share of revenue or other benefit arising therefrom, at their own risk and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter); or
  - (b) where the Offering Shares have been issued and/or transferred but trading has not commenced, the issue will be deemed to be void and we and the Vendor shall, within seven days of the date of the Stop Order, return to the applicants all monies paid by the applicants on account of their applications for the Offering Shares (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter ).

The above shall not apply where only an interim Stop Order has been served.

- (26) In the event that an interim Stop Order in respect of the Shares is served by the MAS or other competent authority, no Offering Shares shall be issued and/or transferred to you until the MAS revokes the interim Stop Order.
- (27) Additional terms and conditions for applications by way of Application Forms are set out in “— *Additional Terms and Conditions for Applications using Printed Application Forms*” on pages F-8 to F-10 of this Prospectus.
- (28) Additional terms and conditions for applications by way of Electronic Applications are set out in the “— *Additional Terms and Conditions for Electronic Applications*” on pages F-12 to F-17 of this Prospectus.
- (29) All payments in respect of any application for Public Offer Shares, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.
- (30) All payments in respect of any application for Placement Shares, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

- (31) No application will be held in reserve.
- (32) This Prospectus is dated 21 September 2017. No Offering Shares shall be allotted and/or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the MAS.

#### **Additional Terms and Conditions for Applications using Printed Application Forms**

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Prospectus, including, but not limited to, the terms and conditions set out below in and elsewhere in this appendix, as well as the Constitution of our Company.

- (1) Applications for the Public Offer Shares must be made using the printed **WHITE** Application Forms for Public Offer Shares and printed **WHITE** official envelopes "A" and "B", both of which accompany and form part of this Prospectus.

Applications for the Placement Shares must be made using the printed **BLUE** Application Forms for Placement Shares (or in such manner as the Sole Issue Manager, Bookrunner and Underwriter may, in its absolute discretion, deem appropriate), both of which accompany and form part of this Prospectus.

Without prejudice to the rights of our Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter, the Sole Issue Manager, Bookrunner and Underwriter, as an agent of our Company and the Vendor, has been authorised to accept, for and on behalf of our Company and the Vendor, such other forms of application as it may (in consultation with our Company and the Vendor) deem appropriate.

Your attention is drawn to the detailed instructions contained in the Application Forms and this Prospectus for the completion of the Application Forms, which must be carefully followed. **Our Company and the Vendor reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by an improperly drawn up, or improper form of remittance or a remittance which is not honoured upon its first presentation.**

- (2) You must complete your Application Forms in English. Please type or write clearly in ink using **BLOCK LETTERS**.
- (3) You must complete all spaces in your Application Forms except those under the heading "**FOR OFFICIAL USE ONLY**" and you must write the words "**NOT APPLICABLE**" or "**N.A.**" in any space that is not applicable.
- (4) Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your NRIC (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your common seal (if any) in accordance with your constitution or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your constitution or equivalent constitutive documents must be lodged with the Share Registrar. Our Company and the Vendor reserve the right to require you to produce documentary proof of identification for verification purposes.
- (5) (a) You must complete Sections A and B and sign page 1 of the Application Form.
- (b) You are required to delete either paragraph 7(c) or 7(d) on page 1 of the Application Form. Where paragraph 7(c) is deleted, you must also complete Section C of the Application Form with the particulars of the beneficial owner(s).
- (c) If you fail to make the required declaration in paragraph 7(c) or 7(d), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

- (6) You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated, established or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Offering Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated, established or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.
- (7) You may apply and make payment for your application for the Public Offer Shares in Singapore currency using only cash. Each application must be accompanied by a cash remittance in Singapore currency for the full amount payable in Singapore dollars of the Offering Price, in respect of the number of Public Offer Shares applied for. The remittance must be in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**APAC SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**" with your name, CDP Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. No combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted. Remittances bearing "**NOT TRANSFERABLE**" or "**NON-TRANSFERABLE**" crossings will be rejected.

No acknowledgement of receipt will be issued for applications and application monies received.

The manner and method for applications and acceptances of payment under the Placement will be determined by the Sole Issue Manager, Bookrunner and Underwriter in its sole discretion.

- (8) Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter) to you by ordinary post, in the event of over-subscription for the Public Offer Shares, within 24 hours of the balloting (or such shorter period as the SGX-ST may require, **PROVIDED THAT** the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account).

Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter) to you by ordinary post within 14 Market Days after the close of the Offering, **PROVIDED THAT** the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter) will be returned to you within three (3) Market Days after the Offering is discontinued, **PROVIDED THAT** the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

- (9) Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.



- (10) By completing and delivering the Application Form, you agree that:
- (a) in consideration of us and the Vendor having distributed the Application Form to you and by completing and delivering the Application Form before the close of the Offering:
    - (i) your application is irrevocable;
    - (ii) your remittance will be honoured upon its first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter;
    - (iii) you represent and agree that you are not a U.S. person and that you are located outside the United States (within the meaning of Regulation S); and
    - (iv) you understand that the Offering Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and accordingly, they may not be offered or sold within the United States or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to state securities laws. Accordingly, there will be no public offer of the Offering Shares in the United States and the Offering Shares are only being offered and sold outside the United States in offshore transactions as defined in, and in reliance on, Regulations S or pursuant to another exemption.
  - (b) all applications, acceptances or contracts resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
  - (c) in respect of the Public Offer Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of our Company and the Vendor and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company and the Vendor;
  - (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
  - (e) reliance is placed solely on information contained in this Prospectus and that none of our Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other person involved in the Offering shall have any liability for any information not contained therein;
  - (f) you accept and agree to the Personal Data Privacy Terms set out in this Prospectus;
  - (g) for the purpose of facilitating your application, you consent to the collection, use, processing and disclosure, by or on behalf of our Company and the Vendor, of your Personal Data to the Relevant Persons in accordance with the Personal Data Privacy Terms; and
  - (h) you irrevocably agree and undertake to subscribe for and/or purchase the number of Public Offer Shares applied for as stated in the Application Form or any smaller number of such Public Offer Shares that may be allocated to you in respect of your application. In the event that our Company and the Vendor decide to allocate any smaller number of Public Offer Shares or not to allocate any Public Offer Shares to you, you agree to accept such decision as final.

**Procedures Relating to Applications for the Public Offer Shares by Way of Printed Application Forms**

- (1) Your application for the Public Offer Shares by way of printed Application Forms **MUST** be made using the **WHITE** Application Form for Public Offer Shares and **WHITE** official envelopes **"A"** and **"B"**.

- (2) You must:
- (a) enclose the **WHITE** Application Form for Public Offer Shares, duly completed and signed, together with the correct remittance for the full amount payable based on the Offering Price and the number of Public Offer Shares applied for in Singapore currency in accordance with the terms and conditions of this Prospectus and its accompanying documents, in the **WHITE** official envelope “**A**” provided;
  - (b) in appropriate spaces on the **WHITE** official envelope “**A**”:
    - (i) write your name and address;
    - (ii) state the number of Public Offer Shares applied for; and
    - (iii) tick the relevant box to indicate the form of payment;
  - (c) **SEAL THE WHITE OFFICIAL ENVELOPE “A”**;
  - (d) write, in the special box provided on the larger **WHITE** official envelope “**B**” addressed to APAC Realty Limited, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, the number of Public Offer Shares you have applied for;
  - (e) insert the **WHITE** official envelope “**A**” into the **WHITE** official envelope “**B**” and seal the **WHITE** official envelope “**B**”; and
  - (f) affix adequate Singapore postage on the **WHITE** official envelope “**B**” (if dispatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** the documents, at your own risk, to APAC Realty Limited, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, so as to arrive by 12.00 noon on 26 September 2017 or such other date(s) and time(s) as our Company and the Vendor may agree with the Sole Issue Manager, Bookrunner and Underwriter. **Courier services or Registered Post must NOT be used.**
- (3) Applications that are illegible, incomplete or incorrectly completed or accompanied by an improperly drawn up, or improper form of remittance or a remittance which is not honoured upon its first presentation are liable to be rejected. Except for applications for the Placement Shares where remittance is permitted to be submitted separately, applications for the Public Offer Shares not accompanied by any form of payment will not be accepted.
- (4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

#### **Procedures Relating to Applications for the Placement Shares by Way of Printed Application Forms**

- (1) Your application for the Placement Shares by way of printed Application Forms must be made using the **BLUE** Application Form for Placement Shares.
- (2) You must enclose the **BLUE** Application Form for Placement Shares, duly completed and signed, and together with the correct remittance for the full amount payable based on the Offering Price and the number of Placement Shares applied for, in Singapore currency in accordance with the terms and conditions of this Prospectus and its accompanying documents with your name, CDP Securities Account number and address clearly written on the reverse side of the Application Form, in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be despatched by ordinary post or delivered by hand, at your own risk, to APAC Realty Limited, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, to arrive by 12.00 noon on 26 September 2017 or such other date(s) and time(s) as our Company and the Vendor may agree with the Sole Issue Manager, Bookrunner and Underwriter. **Courier services or Registered Post must NOT be used.**



- (3) Applications that are illegible, incomplete or incorrectly completed or accompanied by an improperly drawn up, or improper form of remittance or a remittance which is not honoured upon its first presentation are liable to be rejected.
- (4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

### **Additional Terms and Conditions for Electronic Applications**

Electronic Applications shall be made on and subject to the terms and conditions of this Prospectus, including, but not limited, to the terms and conditions set out below and elsewhere in this appendix, as well as the Constitution of the Company.

- (1) The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications), the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications) and the mBanking Interface of DBS Bank (in the case of mBanking Applications). Currently, DBS Bank, OCBC Bank and UOB Group (each as defined below) are the Participating Banks through which Internet Electronic Applications may be made and DBS Bank is the only Participating Bank through which mBanking Applications may be made.
- (2) For illustration purposes, the procedures for Electronic Applications for Public Offer Shares through the ATMs, the IB website and the mBanking Interface of DBS Bank (together the “**Steps**”) are set out in pages F-17 to F-22 of this Prospectus. The Steps set out the actions that you must take at the ATMs, the IB website or the mBanking Interface of DBS Bank to complete an Electronic Application. The actions that you must take at the ATMs or the IB websites of the other Participating Banks are set out on the ATM and IB website screens of the respective Participating Banks or the mBanking Interface of DBS Bank. Please read carefully the terms and conditions of this Prospectus and its accompanying documents (including the Application Forms), the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.
- (3) Any reference to “you” or the “Applicant” in these Additional Terms and Conditions for Electronic Applications and in the Steps shall refer to you making an application for Public Offer Shares through an ATM of one of the relevant Participating Banks or the IB website of a relevant Participating Bank or the mBanking Interface.
- (4) If you are making an ATM Electronic Application:
  - (a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for Public Offer Shares at an ATM belonging to other Participating Banks.
  - (b) You must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own CDP Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. Using your own CDP Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.
  - (c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip (“**Transaction Record**”) confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.
- (5) If you are making an Internet Electronic Application or an mBanking Application:
  - (a) You must have an existing bank account with, and a User Identification (“**User ID**”) as well as a Personal Identification Number (“**PIN**”) given by, the relevant Participating Bank.

- (b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time you make the application.
  - (c) Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank or your mBanking Application through the mBanking Interface of DBS Bank, there will be an on-screen confirmation ("**Confirmation Screen**") of the application which can be printed out or screen captured by you for your record. This printed record or screen capture of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.
- (6) In connection with your Electronic Application for Public Offer Shares, you are required to confirm statements to the following effect in the course of activating the Electronic Application:
- (a) that you have received a copy of the Prospectus (in the case of ATM Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Public Offer Shares and the Prospectus prior to effecting the Electronic Application and agree to be bound by the same;
  - (b) you accept and agree to the Personal Data Privacy Terms set out in this Prospectus;
  - (c) that, for the purposes of facilitating your application, you consent to the collection, use, processing and disclosure, by or on behalf of our Company and the Vendor, of your Personal Data from your records with the Relevant Participating Bank to the Relevant Parties in accordance with the Personal Data Privacy Terms; and
  - (d) where you are applying for the Public Offer Shares, that this is your only application for the Public Offer Shares and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen or the mBanking Interface of DBS Bank. By doing so, you shall be treated as signifying your confirmation of each of the four statements above. In respect of statement 6(b) above, your confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen or the mBanking Interface of DBS Bank, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Personal Data relating to your account(s) with that Participating Bank to the Relevant Parties.

By making an Electronic Application, you confirm that you are not applying for the Public Offer Shares as a nominee of any other person and that any Electronic Application that you make is the only application made by you as the beneficial owner. You shall make only one Electronic Application for the Public Offer Shares and shall not make any other application for the Public Offer Shares whether at the ATMs or IB websites of any of the Participating Banks or the mBanking Interface of DBS Bank or by way of an Application Form. Where you have made an application for the Public Offer Shares by way of an Application Form, you shall not make an Electronic Application for the Public Offer Shares and vice versa.

- (7) You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which such Electronic Application will not be completed. Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATMs or the IB website of the relevant Participating Bank or the mBanking Interface of DBS Bank, as the case may be, through which your Electronic Application is being made shall be rejected.
- (8) You may apply and make payment for your application for the Public Offer Shares in Singapore currency in cash only. You may apply and make payment for your application in Singapore currency through any ATM or IB website of your Participating Bank or the mBanking

Interface of DBS Bank (as the case may be) by authorising your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.

- (9) You irrevocably agree and undertake to subscribe for and/or purchase and to accept the number of Public Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Public Offer Shares that may be allocated to you in respect of your Electronic Application. In the event that our Company and the Vendor decides to allocate any lesser number of such Public Offer Shares or not to allocate any Public Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen or the mBanking Interface of DBS Bank) of the number of Public Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Public Offer Shares that may be allocated to you and your agreement to be bound by the Constitution of the Company. You also irrevocably authorise CDP to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the transfer of the Public Offer Shares that may be allocated to you.
- (10) Our Company and the Vendor will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter) to you by being automatically credited to your account with your Participating Bank, within 24 hours of the balloting (or such shorter period as the SGX-ST may require), **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

Where your Electronic Application is accepted or rejected in part only, the balance of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter) to you by being automatically credited to your account with your Participating Bank within 14 Market Days after the close of the Offering, **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter) will be returned to you by being automatically credited to your account with your Participating Bank within three (3) Market Days after the Offering is discontinued, **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

Responsibility for timely refund of application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Shares, if any, allocated to you before trading the Shares on the SGX-ST. None of the SGX-ST, CDP, SCCS, the Participating Banks, our Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter assumes any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

- (11) If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.

- (12) Applicants who make ATM Electronic Applications through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

Bank	Telephone	Other Channels	Operating Hours	Service expected from
DBS Bank Ltd. (including POSB)	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	IB <a href="http://www.dbs.com">http://www.dbs.com</a> <sup>(1)</sup>	24 hours a day	Evening of the balloting day
Oversea-Chinese Banking Corporation Limited ("OCBC Bank")	1800 363 3333	Phone Banking/ATM/IB <a href="http://www.ocbc.com">http://www.ocbc.com</a> <sup>(2)</sup>	24 hours a day	Evening of the balloting day
United Overseas Bank Limited ("UOB") and its subsidiary, Far Eastern Bank Limited ("UOB Group")	1800 222 2121	ATM (Other Transactions "IPO Results Enquiry")/ Phone Banking/IB <a href="http://www.uobgroup.com">http://www.uobgroup.com</a> <sup>(3)</sup>	24 hours a day	Evening of the balloting day

**Note:**

- (1) Applicants who have made Internet Electronic Applications through the IB websites of DBS Bank or mBanking Applications through the mBanking Interface of DBS Bank may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS Bank.
  - (2) Applicants who have made Electronic Applications through the ATMs or the IB website of OCBC Bank may check the results of their applications through OCBC Bank Personal Internet Banking, OCBC Bank ATMs or OCBC Bank Phone Banking services.
  - (3) Applicants who have made Electronic Applications through the ATMs or the IB website of the UOB Group may check the results of their applications through UOB Personal Internet Banking, UOB Group ATMs or UOB Phone Banking services.
- (13) ATM Electronic Applications shall close at 12.00 noon on 26 September 2017 or such other date(s) and time(s) as our Company and the Vendor may agree with the Sole Issue Manager, Bookrunner and Underwriter. All Internet Electronic Applications and mBanking Applications must be received by 12.00 noon on 26 September 2017, or such other date(s) and time(s) as our Company and the Vendor may agree with the Sole Issue Manager, Bookrunner and Underwriter. Internet Electronic Applications and mBanking Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank.
- (14) You are deemed to have irrevocably requested and authorised our Company and the Vendor to:
- (a) register the Public Offer Shares allocated to you in the name of CDP for deposit into your Securities Account;
  - (b) send the relevant Share certificate(s) to CDP;
  - (c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter) the full amount of the application monies, should your Electronic Application be unsuccessful, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of the balloting (or such shorter period as the SGX-ST may require), **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue account;

- (d) return or refund (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter) the balance of the application monies, should your Electronic Application be rejected or accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 Market Days after the close of the Offering, **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue account; and
  - (e) return or refund (without interest of any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendor or the Sole Issue Manager, Bookrunner and Underwriter) the full amount of the application monies, should the Offering not proceed for any reason, by automatically crediting your bank account with your Participating Bank with the relevant amount within three (3) Market Days after the Offering is discontinued, **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue amount.
- (15) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, our Company, the Vendor and the Sole Issue Manager, Bookrunner and Underwriter, and if, in any such event, our Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter and/or the relevant Participating Bank do or does not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter and/or the relevant Participating Bank for any Public Offer Shares applied for or for any compensation, loss or damage.
- (16) The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. Our Company and the Vendor shall reject any application by any person acting as nominee (other than approved nominee companies).
- (17) All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank.
- (18) You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in your address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.
- (19) By making and completing an Electronic Application, you are deemed to have agreed that:
- (a) in consideration of our Company and the Vendor making available the Electronic Application facility, through the Participating Banks (acting as agents of our Company and the Vendor) at the ATMs and IB websites of the relevant Participating Banks and the mBanking Interface of DBS Bank:
    - (i) your Electronic Application is irrevocable;
    - (ii) your Electronic Application, the acceptance by our Company and the Vendor and the contract resulting therefrom under the Public Offer shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
    - (iii) you represent and agree that you are not a U.S. person and that you are not located in the United States (within the meaning of Regulation S); and



- (iv) you understand that the Offering Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and accordingly, they may not be offered or sold within the United States or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the regulation requirements of the Securities Act and applicable state securities laws. Accordingly, there will be no public offer of the Offering Shares in the United States and the Offering Shares are only being offered and sold outside the United States in offshore transactions as defined in, and in reliance on Regulation S or pursuant to another exemption.
- (b) none of our Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter, the Participating Banks nor CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company, the Vendor, CDP or the SGX-ST due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 15 above or to any cause beyond their respective controls;
- (c) in respect of the Public Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and the Vendor and not otherwise, notwithstanding any payment received by or on behalf of our Company and the Vendor;
- (d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application;
- (e) reliance is placed solely on information contained in this Prospectus and that none of our Company, the Vendor, the Sole Issue Manager, Bookrunner and Underwriter or any other person involved in the Offering shall have any liability for any information not contained therein; and
- (f) you irrevocably agree and undertake to subscribe for and/or purchase the number of Public Offer Shares applied for as stated in your Electronic Application or any smaller number of such Public Offer Shares that may be allocated to you in respect of your Electronic Application. In the event our Company and the Vendor decides to allocate any smaller number of such Public Offer Shares or not to allocate any Public Offer Shares to you, you agree to accept such decision as final.

#### **Steps for ATM Electronic Applications for Public Offer Shares through ATMs of DBS (including POSB ATMs)**

Instructions for ATM Electronic Applications will appear on the ATM screens of the respective Participating Bank. For illustration purposes, the steps for making an ATM Electronic Application through a DBS Bank or POSB ATM are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "amt", "appln", "&", "I/C", "No.", "SGX" and "Max" refer to "Account", "amount", "application", "and", "NRIC", "Number", "the SGX-ST" and "Maximum", respectively). Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS Bank (including POSB)), may differ slightly from those represented below.

- Step 1: Insert your personal DBS Bank or POSB ATM Card.
- 2: Enter your Personal Identification Number.
- 3: Select "MORE SERVICES".
- 4: Select language (for customers using multi-language card).
- 5: Select "ESA-IPO/Rights Appln/Bonds/SSB/SGS/INVESTMENTS".
- 6: Select "ELECTRONIC SECURITIES APPLN (IPOS/BONDS/SECURITIES)".

7: Read and understand the following statements which will appear on the screen:

- (IN THE CASE OF A SECURITIES OFFERING THAT (I) IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR, AS THE CASE MAY BE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED OR (II) REQUIRES A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE AT THE TIME THE OFFER IS MADE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET WHICH CAN BE OBTAINED FROM THE ISSUE MANAGER(S) OR, AS THE CASE MAY BE, THE MANAGER(S) FOR THE OFFER, OR IF APPLICABLE, DBS/POSB BRANCHES IN SINGAPORE AND THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.
- (IN THE CASE OF A SECURITIES OFFERING THAT (I) IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED OR (II) REQUIRES A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE AT THE TIME THE OFFER IS MADE) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT HAS BEEN LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR, AS THE CASE MAY BE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED, WHICH TAKES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS. WHERE APPLICABLE, A COPY OF THE SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET WHICH ARE AVAILABLE ON OUR WEBSITE HAS BEEN ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE, WHICH TAKES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.
- (IN THE CASE OF A SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT TO BE LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR THE SINGAPORE EXCHANGE



SECURITIES TRADING LIMITED AND DOES NOT REQUIRE A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE RELEVANT SECURITIES EXCHANGE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE IN A NOTICE PUBLISHED IN A NEWSPAPER AND/OR A CIRCULAR/DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES SHOULD READ THE NOTICE/ CIRCULAR/DOCUMENT BEFORE SUBMITTING HIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/ CIRCULAR/DOCUMENT.

- 8: Select "APAC" to display details.
- 9: Press the "ENTER" key to acknowledge:
  - YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND (WHERE APPLICABLE) THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/ DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/ PRODUCTS HIGHLIGHT SHEET AND/OR NOTICE CIRCULAR.
  - FOR THE PURPOSES OF FACILITATING YOUR APPLICATION, YOU CONSENT TO THE BANK COLLECTING YOUR NAME, NRIC/PASSPORT NUMBER, ADDRESS, NATIONALITY, CDP SECURITIES ACCOUNT NUMBER, CPF INVESTMENT ACCOUNT NUMBER, APPLICATION DETAILS AND OTHER PERSONAL DATA AND DISCLOSING THE SAME FROM OUR RECORDS TO SHARE REGISTRARS OF SECURITIES OF THE ISSUER, SGX, CDP, CPF, ISSUER/VENDOR(S) AND ISSUE MANAGER(S).
  - THIS APPLICATION IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
  - FOR FIXED AND MAXIMUM PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
  - THE MAXIMUM PRICE FOR EACH SECURITY IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.
  - FOR TENDER SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
  - YOU ARE NOT A US PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/ PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/ OFFER INFORMATION STATEMENT/ DOCUMENT/PROFILE STATEMENT/ SIMPLIFIED DISCLOSURE DOCUMENT AND/OR NOTICE/CIRCULAR.
  - THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR SUBJECT TO AVAILABILITY, YOU MAY BE ALLOTTED/ ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR.
- 10: Select your nationality.
- 11: Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.
- 12: Enter the number of securities you wish to apply for using cash.

- 13: Enter or confirm (if your CDP Securities Account number has already been stored in DBS Bank's records) your own 12-digit CDP Securities Account number (Note: This step will be omitted automatically if your CDP Securities Account number has already been stored in DBS Bank's records).
- 14: Check the details of your securities application, your CDP Securities Account number, number of securities and application amount on the screen and press the "ENTER" key to confirm your application.
- 15: Remove the Transaction Record for your reference and retention only.

### **Steps for Internet Electronic Application for Public Offer Shares through the IB Website of DBS Bank**

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS Bank IB website are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "&", "amt", "I/C" and "No." refer to "Account", "and", "Amount", "NRIC" and "Number", respectively).

- Step 1: Click on DBS Bank website ([www.dbs.com](http://www.dbs.com)).
- 2: Login to Internet banking.
  - 3: Enter your User ID and PIN.
  - 4: Enter your DBS Bank iB Secure PIN.
  - 5: Select "Electronic Shares Application (ESA)".
  - 6: Click "Yes" to proceed and to warrant, among others, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**")).
  - 7: Select your country of residence and click "Next".
  - 8: Click on "APAC" and click "Next"
  - 9: Click on "Next" to confirm, among others:
    - You have read, understood and agreed to all terms of application set out in the Prospectus/Offer Information Statement/Document/Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Offer Information Statement/Document/Profile Statement.
    - For the purposes of facilitating your application, you consent to the Bank collecting and using your name, I/C or Passport number, address, nationality, CDP Securities Account number, CPF Investment Account number, application details and other personal data and disclosing the same from our records to registrars of securities of the issuer, SGX, SCCS, CDP, CPF, issuer/vendor and issue manager(s).
    - You are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).
    - You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any "U.S. person" (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

- This application is made in your own name and at your own risk.
  - For FIXED/MAXIMUM price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.
  - For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S\$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S\$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the term of application and the time of refund of application monies may result in either a foreign exchange profit or loss. Alternatively, application monies may be debited and refunds credited in S\$ at the same exchange rate.
  - For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.
- 10: Fill in details for securities application and click "Next".
- 11: Check the details of your securities application, your CDP Securities Account number and click "Confirm" to confirm your application.
- 12: Print the Confirmation Screen (optional) for your reference and retention only.

#### **Steps for mBanking Applications for Public Offer Shares through the mBanking Interface of DBS Bank**

For illustrative purposes, the steps for making an mBanking Application are shown below. Certain words appearing on the screen are in abbreviated from ("A/C", "&", "amt", "I/C", "SGX" and "No." refer to "Account", "and", "Amount", "NRIC", "SGX-ST" and "Number", respectively).

Step 1: Click on DBS Bank mBanking application and login using your User ID and PIN.

- 2: Select "Investment Services".
- 3: Select "Electronic Shares Application".
- 4: Select "Yes" to proceed and to warrant, among others, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. Person (as such term is defined in Regulation S).
- 5: Select your country of residence.
- 6: Select "APAC".
- 7: Select "Yes" to confirm, among others:
  - You have read, understood and agreed to all terms of application set out in the Prospectus/Offer Information Statement/Document/Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Offer Information Statement/Document/Profile Statement.
  - For the purposes of facilitating your application, you consent to the Bank collecting and using your name, NRIC/passport number, address, nationality, CDP Securities Account Number, CPF Investment Account number, application details and other personal data and disclosing the same from our records to registrars of securities of the issuer, SGX, SCCS, CDP, CPF, issuer/vendor(s) and issue manager(s).
  - You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).

- You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**US Securities Act**”) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “US person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.
  - This application is made in your own name and at your own risk.
  - For FIXED/MAXIMUM price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.
  - FOR FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S\$, based on the Bank’s prevailing board rates at the time of application. Any refund monies will be credited in S\$ based on the Bank’s prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss. Alternatively, application monies may be debited and refund credited in S\$ at the same exchange rate.
  - FOR 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.
- 8: Fill in details for securities application and click “Submit”.
- 9: Check the details of your securities application, your CDP Securities Account number and click “Confirm” to confirm your application.
- 10: Where applicable, capture Confirmation Screen (optional) for your reference and retention only.





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