

APAC REALTY

ACCUMULATE

Share Price: **S\$0.735**
Target Price: **S\$0.82**
Upside: **+11.6%**

COMPANY DESCRIPTION

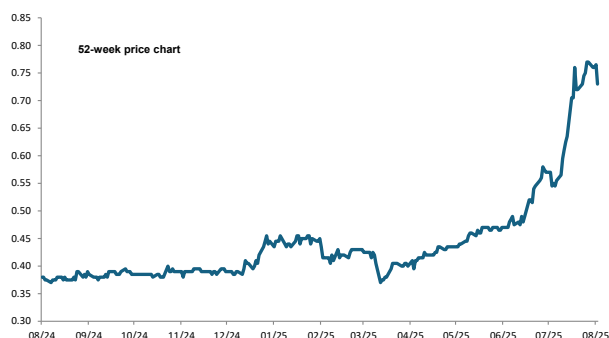
APAC Realty provides property brokerage services for primary and secondary home sales, as well as the rental of residential, commercial and industrial properties. APAC Realty is the second largest real estate agency in Singapore with exclusive ERA regional master franchise rights for 17 countries and territories in the Asia Pacific.

Name	APAC REALTY LTD
Bloomberg Code	APAC SP Equity
3M Avg Daily Trading Vol (k)	690.1
3M Avg Daily Trading Val (\$'000)	460.4
Major Shareholder / Holdings	Morgan Stanley (64.1%) Chua Khoo Hak (8.3%)
Shares Outstanding (m)	359.2
Market Capitalisation (\$m)	264.0
52 week Share Price High/Low	0.79 / 0.365

STOCK PRICE PERFORMANCE

	1M	3M	12M
Absolute Return (%)	31.3	63.3	98.7

PRICE CHART



Source : Bloomberg

Strong Profitability From New Launches

APAC Realty's 1HFY25 results came in above our expectations with revenue and profits coming in at 55%/80% of our full year forecast. Revenue rose 29% yoy to S\$341.5mln from a strong surge in new homes sales, supported by steady resale and rental volumes. Gross profit rose 46% to S\$35.8mln with a 1.3 pp uptick in margins as the Group benefitted from higher-margin new homes sales. Net profit for 1HFY25 came in at S\$11.3mln, an increase of 176% yoy. Management has tripled interim dividends to 2.7 S cts (1HFY24: 0.9 S cts), representing a 78% DPR and 3.7% interim yield.

A robust pipeline of upcoming projects in 2H25 is expected to support the positive momentum for new home sales. The first half saw 4,587 new units sold (143% increase yoy) and with more than 5,500 units launched/launching in the second half, the segment is well on-track to hit market expectations of between 8,500-9,500 units sales for the full year. Despite Seller's Stamp Duty measures in July, recent projects such as LyndenWoods performed exceptionally with a 94.5% take-up rate. A high and steady level of Government Land Sales (GLS) sites from 2025 to 2027 will also bode well for residential supply in the coming years. APAC Realty is backed by a net cash of S\$9.0mln, representing 3.4% of market cap. We raise our earnings forecast for FY25F/FY26F by 29%/26% to reflect stronger top-line contributions from new home sales. Maintain "Accumulate" with a higher target price of S\$0.82 (previous TP: S\$0.66), based on 15.5x blended FY25F/26F P/E (10% discount to peers).

Exhibit 1: 1HFY25 Financial Figures

	1H FY25 (\$'000)	1H FY24 (\$'000)	+ / (-) %
Revenue	341,495	265,156	28.8%
Gross Profit	35,768	24,473	46.2%
Gross Profit Margin	10.5%	9.2%	1.3 pp
Profit Before Tax	13,964	4,816	190.0%
Net Profit to Equity Holders	11,253	4,071	176.4%

Source: APAC Realty, Lim & Tan Research

KEY FINANCIALS

Dec YE	FY22	FY23	FY24	FY25F	FY26F
Revenue (\$m)	705.0	557.3	561.0	653.4	695.9
EBITDA (\$m)	38.3	20.0	14.8	27.5	29.9
EBITDA Margin (%)	5.4	3.6	2.6	4.2	4.3
Net Profit to Equity Holders (\$m)	26.6	11.8	7.2	18.2	20.1
P/E (x)	9.9	22.4	36.6	14.5	13.2
P/B (x)	1.6	1.7	1.7	1.6	1.6
ROE (%)	16.6	7.4	4.6	11.2	11.9
EPS (S¢)	7.48	3.32	2.02	5.11	5.65
EPS Growth (%)	-24.9	-55.6	-39.2	153.0	10.6
DPS (S¢)	6.25	2.5	2.1	4.4	4.8
Dividend Yield (%)	8.5	3.4	2.9	6.0	6.5

Source: APAC Realty, Lim & Tan Research

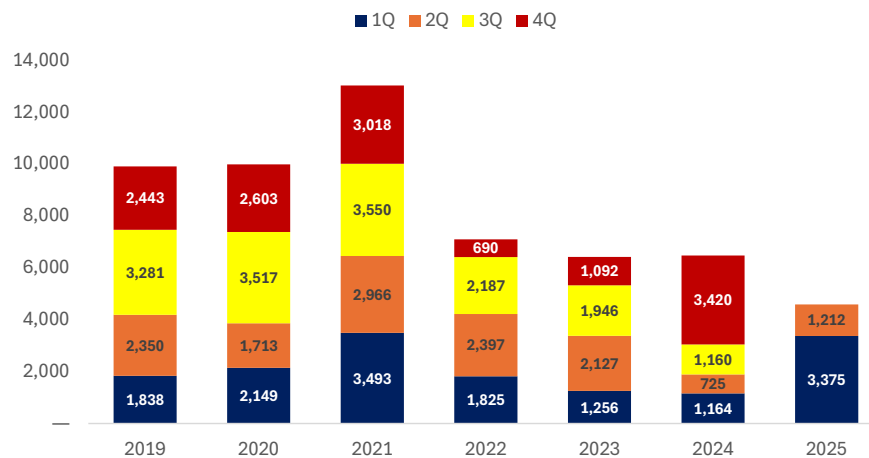
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Looking Ahead

- Ending off the year with a robust 2H25.** With 4,659 new home units launched in 1H25, the second half is expected to remain strong with more than 5,500 unit launches, bringing full year to >10,000 units (excluding ECs) and the highest level since 2021. As more new launches lead to higher sales volume, total estimated new sales of 8,500 to 9,500 units are poised to be 40% higher than in 2024. The performance of recent project launches in July and August has been positive so far with c.3,000 units sold. That said, as there is a 3-6 month revenue recognition lag before new home brokerage sales can be recognized in APAC Realty's financial results, 2HFY25 is likely to be stronger yoy for the Group, albeit weaker than 1HFY25 due to a subdued 2Q2025.

As pointed out by Mr Marcus Chu, CEO of APAC Realty: "Given the robust upcoming pipeline of quality residential projects, we expect to maintain this positive trajectory well into 2025 and beyond. Our strategic focus continues to centre on empowering our agents to effectively capture market opportunities and deliver long-term value to clients and shareholders."

Exhibit 2: New Private Home Sales On a Quarterly Basis

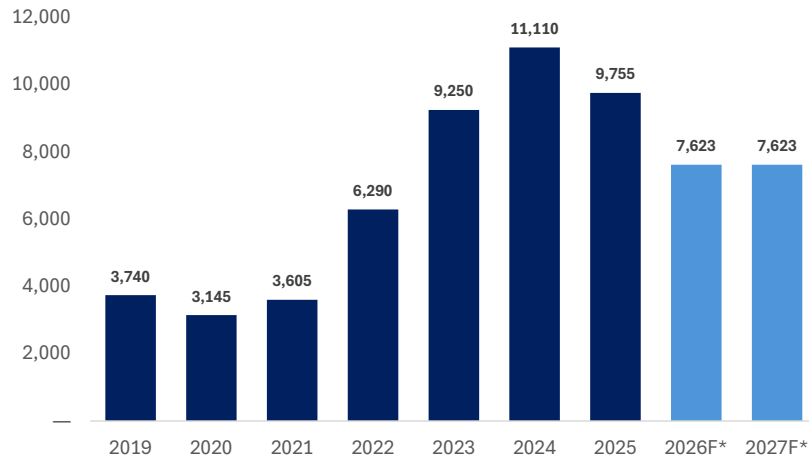


Source: Lim & Tan Research

High and steady level of Government Land Sales (GLS) sites. The total GLS Confirmed List supply of 9,755 units in 2025 is around 50% higher than the average annual supply in the Confirmed List from 2021 to 2023. This builds on the strong GLS supply in 2024 (11,110 units), and in 2023 (9,250 units). In addition, National Development Minister Chee Hong Tat announced in Aug'25 that more than 25,000 private residential units will be launched through the GLS program from 2025 to 2027. Overall, the sizable number of units available under the GLS program will provide ample land-banking opportunities for developers, reflecting a progressive ramp-up in the overall private housing supply in the coming years.

APAC REALTY

Exhibit 3: Government Land Sales Supply In Recent Years



*estimated
Source: Lim & Tan Research

Maintain “Accumulate” with a higher target price of S\$0.82 (previous TP: S\$0.66). Our TP is based on 15.5x blended FY25F/26F P/E (10% discount to peers). Our revenue and earnings projections for FY25F/FY26F are raised 6%/9% and 29%/26% respectively to account for stronger new homes sales and improving margins. At current share price of S\$0.70, APAC Realty trades at 14.5x forward P/E and 1.6x P/B, with an attractive 6.0% dividend yield based on a 78% payout ratio. The company is set to benefit from the positive momentum for upcoming launches, underpinned by favourable market demand and lower mortgage rates. We continue to like APAC Realty’s 1) established market position in Singapore, 2) exposure to higher-margin new home sales, 3) healthy pipeline of upcoming projects, and 4) generous dividend payouts.

Exhibit 4: APAC Realty Share Price Since 2017 IPO



Source: Lim & Tan Research

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