

PropNex (PROP SP)

Singapore's Solid Property Market To Underpin Earnings

Highlights

- PROP's 2026 net profit will be underpinned by new launches in 1H26, steady transaction volumes and higher selling prices.
- Forecasting an over 80% profit growth in 2025; potential for a special dividend.
- Maintain BUY with a higher target price of S\$2.51, implying a 28% upside.

Analysis

- **Opportunity beckons.** After hitting an all-time high of S\$2.59 in late-Oct 25, PropNex's (PROP) share price has taken a breather. In our view, this is an opportunity for investors given multiple near- and medium-term catalysts. These include an over 80% yoy increase for its 2025 net profit on our estimates (expected announcement end-Feb 26), potential special dividend that could be announced at these results given the company's profit and cash generation, and our expected solid outlook for new launches in 1H26. In addition, we do not view its 2026F PE of 17.7x as stretched given the company's 56% ROE and forecast 5.6% free cash flow yield for 2025.
- **Solid outlook for new launches.** Our analysis indicates that there are a number of new launches packed into 1H26 and thus any positive newsflow should reflect positively on PROP's share price. In our view, these new launches should be attractively priced given that their pricing will likely be based on lower land-cost benchmarks vs later launches where prices will be centred on higher Government Land Sales (GLS) bids.
- **HDB prices higher, offset by lower volumes.** In 2025, HDB resale flat prices rose 2.9% (2024: +9.7%) as new flat supply and market conditions tempered price increases vs the prior year. Offsetting this was transaction volume of 25,256, implying a 12% yoy decline. Despite this, a significant number of resale flats fetched over S\$1m in 2025 with the news headlines focusing instead on S\$1.5m as the new benchmark, implying resiliency in certain HDB segments vs the broader resale market.
- **Positive earnings revision momentum.** Over the course of 2025, PROP's consensus earnings estimate for the year was revised up by over 50%. Since its 1H25 results announcement, market has caught up to our above-consensus estimates. In 2026, we expect PROP's net profit to be underpinned by a solid slate of new launches (see table overleaf), steady transaction volumes and higher selling prices in private resale and HDB segments.

Key Financials

Year to 31 Dec (S\$m)	2023	2024	2025F	2026F	2027F
Net turnover	838	783	1,040	1,139	1,096
EBITDA	52	46	95	102	97
Operating profit	48	43	93	100	94
Net profit (rep./act.)	48	41	76	82	78
Net profit (adj.)	48	41	76	82	78
EPS (x)	6.5	5.5	10.3	11.1	10.6
PE (x)	30.3	35.4	19.0	17.7	18.5
P/B (x)	11.6	11.8	10.5	9.4	8.5
EV/EBITDA (x)	25.5	28.6	13.9	12.9	13.6
Dividend yield (%)	3.1	4.0	4.6	4.6	4.6
Net margin (%)	5.7	5.2	7.3	7.2	7.2
Net debt/(cash) to equity (%)	(106.6)	(90.6)	(100.0)	(105.6)	(109.2)
ROE (%)	38.1	32.9	58.3	55.8	48.1
Consensus net profit	-	-	76	85	74
UOBKH/Consensus (x)	-	-	1.00	0.97	1.06

Source: PropNex, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	S\$1.96
Target Price	S\$2.51
Upside	28.1%
Previous TP	S\$2.00

Analyst(s)

Adrian Loh

adrianloh@uobkayhian.com

+65 6590 6633

Stock Data

GICS Sector	Real Estate
Bloomberg ticker	PROP SP
Shares issued (m)	740.0
Market cap (S\$m)	1,450.4
Market cap (US\$m)	1,132.0
3-mth avg daily t'over (US\$m)	2.0

Price Performance (%)

52-week high/low	S\$2.63/S\$0.95			
1mth	3mth	6mth	1yr	YTD
2.1	(18.3)	81.5	107.4	4.3

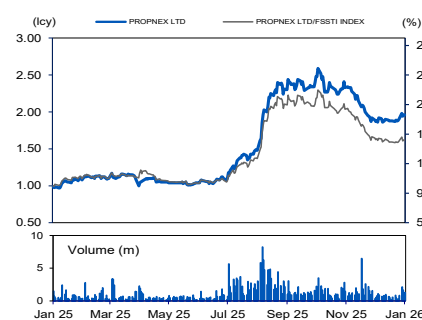
Major Shareholders

	%
P&N Holdings	55.6
Fong Kelvin	8.9
Ismail Mohamed	9.3

Balance Sheet Metrics

	%
FY25 NAV/Share (S\$)	0.19
FY25 Net Debt/Share (S\$)	0.19

Price Chart



Source: Bloomberg

Company Description

Singapore's largest real estate agency with a dominant market share of the residential market (both resale and new launches) as well as the HDB resale market.

Select New Launches in 1H26

Name	No. of Units/Homes	Location/District	Estimated S\$ psf
Jan-Mar 26:		Total: 1,282*	
Newport Residences	246 units	80 Anson Rd, D2 (CBD)	\$2,800-3,300
River Modern	~455 units	River Valley Green, D9	\$2,900-3,300
Sophia Meadows	41 units	Sophia Rd, D9	\$2,700-3,100
Narra Residences	540 units	Dairy Farm Walk, D23	\$2,100-2,400
Vila Natura	11 landed homes	D26 (Lentor area)	\$1,900-2,200 (landed)
Mar-May 26:		Total: 2,796	
Pinery Residences	~596 units	Tampines St 94	\$2,200-2,500
Tengah Garden GLS	Up to ~860 units	Tengah Garden District	\$2,000-2,300
Media Circle Parcel A GLS	~325 units	one-north/Media Circle	\$2,600-2,900
Bayshore Road GLS	Up to ~515 units	Bayshore waterfront	\$2,500-2,900
Lentor Gardens GLS	~500 units	Lentor precinct, D26	\$2,200-2,500

*excluding landed

Source: PROP, UOB Kay Hian

Earnings Revision/Risk

- **Upgrading earnings forecasts.** Our earnings forecast for 2025-27 have been raised slightly by 5-10% to account for: a) higher overall gross margins, principally in the new launches segment, and b) better-than-expected new launch units for 2025. No changes were made for higher market share. In our view, this could present an upside surprise in our earnings estimates going forward.
- **Risks** include: a) slower housing demand from cooling measures; b) rising interest rates which could impact affordability; and c) increased competition from peers or disruptive digital platforms which could pressure transaction volumes, margins, and earnings visibility.
- **Dividend outlook.** As a result of the earnings upgrades detailed above, our forecast 2025 DPS has increased to S\$0.09 (previously S\$0.08). We have retained our payout ratio assumption at 80%, however we highlight that PROP's average payout ratio over 2023-24 (which includes 2024's special dividend) is 116.5% and thus the company could surprise investors with a higher-than-expected payout ratio at its 2025 results announcement.

Valuation/Recommendation

- **We maintain our BUY rating on PROP** with a higher PE-based target price of S\$2.51 as we have rolled forward our valuation to 2026. We have raised our target PE multiple to 22.9x (previously 19.5x) which is 2SD above the company's three-year historical average PE of 13.4x and pegged to our higher 2026 EPS estimates. With nearly 14,000 agents under the PROP banner at present, the company is our preferred way to play the stability of transaction volumes in the Singapore public and private residential markets. The company could also be a beneficiary of the funds flow from MAS' S\$5b Equity Market Development Programme.

Share Price Catalysts

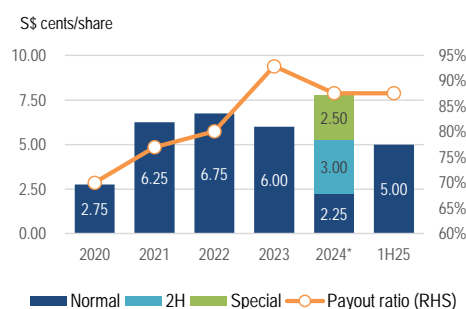
- Continued strong sell-through of new property launches in 1H26 which would impact 1H26 earnings.
- Potential special dividend given the company's relatively high net cash holdings.
- Funds inflow from MAS' Equity Market Development Programme.
- Higher-than-expected price increments for private residential and HDB resale flats in 2026.

Historical PE Band



Source: Bloomberg, UOB Kay Hian

Historical Dividend Payout



Source: PROP

Key New Launches in 2H25

Project	Total units	Take-up	S\$psf
3Q25			
3Q25 Total	3,463		
Springleaf Residence	941	93.6%	2,175
River Green	524	88.7%	3,130
Promenade Peak	596	56.5%	2,900
Lyndenwoods	343	98.0%	3,450
Canberra Crescent	376	63.3%	1,974
Upperhouse	301	67.1%	3,259
Robertson Opus	348	49.1%	3,308
Artisan 8	34	52.9%	2,386
4Q25			
4Q25 Total	2,580		
Skye at Holland	666	99.4%	2,954
Penrith	462	97.0%	2,804
Faber Residence	399	90.5%	2,155
Zyon Grand	706	86.1%	3,053
The Sen	347	22.2%	2,357
Total	4,078		

Note: Data as at 21 Dec 25 (not an exhaustive list)

Source: PROP, UOB Kay Hian

Changes to Earnings Forecasts

S\$m	2025E	2026E	2027E
Net profit - was	72.4	74.4	73.9
Net profit - is	74.9	77.7	75.6
Change	3.5%	4.4%	2.3%

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (\$m)	2024	2025F	2026F	2027F
Net turnover	783.0	1,040.3	1,138.9	1,095.7
EBITDA	46.1	95.1	102.2	96.6
Deprec. & amort.	2.9	2.4	2.4	2.5
EBIT	43.1	92.7	99.8	94.1
Total other non-op. income	1.1	0.0	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	5.6	5.1	6.6	7.5
Pre-tax profit	49.8	97.8	106.3	101.7
Tax	(8.2)	(15.6)	(18.1)	(17.3)
Minorities	(0.7)	(5.8)	(6.3)	(6.0)
Net profit	40.9	76.3	82.0	78.4
Net profit (adj.)	40.9	76.3	82.0	78.4

Cash Flow

Year to 31 Dec (\$m)	2024	2025F	2026F	2027F
Operating	38.0	89.8	94.4	97.4
Pre-tax profit	49.8	97.8	106.3	101.7
Tax	(9.8)	(15.6)	(18.1)	(17.3)
Deprec. & amort.	2.9	2.4	2.4	2.5
Associates	0.0	0.0	0.0	0.0
Working capital changes	0.2	0.2	(2.9)	2.9
Non-cash items	5.7	5.1	6.6	7.5
Other operating cashflows	(10.8)	0.0	0.0	0.0
Investing	(14.3)	(5.7)	(7.2)	(8.1)
Capex (growth)	(0.3)	(0.6)	(0.6)	(0.6)
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	(14.0)	(5.1)	(6.6)	(7.5)
Financing	(45.3)	(57.4)	(61.1)	(65.6)
Dividend payments	(43.1)	(57.4)	(61.1)	(65.6)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(2.2)	0.0	0.0	0.0
Net cash inflow (outflow)	(21.5)	26.8	26.1	23.7
Beginning cash & cash equiv.	133.4	111.9	138.7	164.7
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equiv.	111.9	138.7	164.7	188.4

Balance Sheet

Year to 31 Dec (\$m)	2024	2025F	2026F	2027F
Fixed assets	1.0	1.3	1.5	1.4
Other LT assets	12.2	0.4	0.4	0.4
Cash/ST investment	111.8	138.7	164.7	188.4
Other current assets	160.6	205.0	221.5	216.3
Total assets	285.7	345.4	388.0	406.5
ST debt	0.0	0.0	1.0	2.0
Other current liabilities	159.6	198.6	217.5	213.3
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	1.3	1.0	1.0	1.0
Shareholders' equity	123.4	138.7	155.1	170.7
Minority interest	1.3	7.1	13.4	19.5
Total liabilities & equity	285.7	345.4	388.0	406.5

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	5.9	9.1	9.0	8.8
Pre-tax margin	6.4	9.4	9.3	9.3
Net margin	5.2	7.3	7.2	7.2
ROA	13.0	24.2	22.4	19.7
ROE	32.9	58.3	55.8	48.1
Growth (% yoy)				
Turnover	(6.6)	32.9	9.5	(3.8)
EBITDA	(10.9)	106.3	7.5	(5.5)
Pre-tax profit	(16.2)	96.2	8.8	(4.4)
Net profit	(14.3)	86.4	7.4	(4.4)
Net profit (adj.)	(14.3)	86.4	7.4	(4.4)
EPS	(14.3)	86.4	7.4	(4.4)
Leverage				
Debt to total capital	0.0	0.0	0.6	1.0
Debt to equity	0.0	0.0	0.6	1.2
Net debt/(cash) to equity	(90.6)	(100.0)	(105.6)	(109.2)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at the following link: <https://research-api.uobkayhian.com/assets/disclaimer/aa41ec4d-2619-4cc4-a944-60272b09e44d> or by scanning the QR code below:



The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full."