

**Rating: HOLD**  
(Initiation Coverage)

## PropNex Limited (OYY.SI)

### Executive Summary

#### Dominant Agency Poised for Tech-Driven Growth

As Singapore's leading real estate agency, PropNex commands a dominant position with the nation's largest salesforce of over 13,618 agents as of August 2025. Established in 2000, PropNex has now over 16,000 salespersons across Singapore, Indonesia, Malaysia, Vietnam, Cambodia, and Australia. Its diverse service portfolio ensures resilient revenue streams.

While FY2024 net profit came in at S\$40.9 million, 1H2025 delivered a record S\$42.3 million in net attributable profit on revenue of S\$598.9 million, exceeding the full-year FY2024 profit. This exceptional surge (+122.4% YoY) was primarily due to the revenue recognition lag from the strong late-2024 new home transaction. The company maintains a strong financial position, with its debt-free balance sheet and S\$120.8 million in cash, and a 140.1% payout ratio in FY2024, reflecting its commitment to shareholder returns.

The company solidified its market leadership, increasing its overall market share to 64.2% in FY2024. Significant gains were made across key segments, including HDB resale (+1.7 pt) and new launches (+6.3 pt), underscoring the productivity and effectiveness of its large salesforce.

The company's outlook is positive. Under Vision 2027, PropNex aims to expand its salesforce to 15,000 agents while further enhancing productivity through continued investments in technology and training. With market forecasts predicting a 3-4% rise in private home prices and higher transaction volumes for 2025, PropNex is well-positioned to capitalize on a market recovery.

**Investment View:** HOLD. PropNex's entrenched market leadership and high-quality, cash-generative business model rightly command a premium valuation. However, with its share price trading near our S\$2.21 target price, this premium appears fully priced in, leaving limited near-term upside as the current earnings inflection is already reflected in the share price.

Current Price (SGD)	2.09 (Nov 25)
Target Price (SGD)	2.21
Potential Upside (Downside)	5.74%

### Basic Information / Market Data

Industry	Real Estate
Total Shares Outstanding/Market Cap	740.0M/1.55B
52-week Range (SGD)	0.87 – 2.63
Substantial Shareholder	P & N Holdings PTE LTD

### Company Profile

PropNex Limited is Singapore's largest listed real estate agency, offering integrated services spanning brokerage, project marketing, training and property consultancy. It operates a scalable, asset-light model focused on service quality and technology adoption.

### Company Website

<https://www.propnex.com/>

### Financial Summary

(SGD million/SGD)

Metric	2024A	2025E	2026E
Revenue	783.0	1,083.0	1,165.0
EBITDA	47.14	91.90	97.60
EPS Adj (SGD)	0.055	0.104	0.115
Free Cash Flow	17.98	173.60	147.30
P/E	17.09	20.57	19.82

Source: Bloomberg Finance L.P., Company Data, uSMART Research  
Estimates (compiled as of 21 Nov 2025)

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## 1. Investment Thesis

PropNex Limited ("PropNex", or the "Company") maintains its status as the market leader in Singapore's real estate brokerage industry, distinguished by its dominant market share (64.2% in FY2024 transaction volume), a highly scalable and asset-light business model. The firm's comprehensive strategy, anchored by substantial investments in proprietary PropTech and rigorous sales training, translates cyclical increases in property transaction volume into rapid, high-margin, and predictable fee income.

The first half of the financial year 2025 (1H 2025) delivered exceptional, record-breaking financial results, with net attributable profit doubling year-on-year (YoY) to S\$42.3 million on revenue that surged 73.3% to S\$598.9 million. This performance was primarily a delayed reflection of the exceptionally robust new launch transaction volumes observed in the fourth quarter of 2024 (4Q 2024), demonstrating the inherent 3–4month lag in revenue recognition for project marketing services.

The core argument supporting the business centers on the firm's ability to benefit disproportionately from market upswings due to its scale and high agent productivity, positioning it as the preferred proxy for the recovery in new home sales. Management remains optimistic regarding the outlook for 2025, anticipating sustained activity fueled by a robust pipeline of new project launches and moderating interest rates.

### 1.1 Rating, Target Price (S\$), and Upside/Downside

We initiate coverage with a HOLD rating. While we recognize the substantial improvement in PropNex's earnings trajectory, we see limited near-term upside after a significant share price rally.

The stock currently trades at S\$2.09, which prices in much of the positive near-term outlook. Our target price of S\$2.21 is based on a 20.18x P/E multiple applied to the average of our FY2025-FY2026 earnings per share (EPS) estimates. This target multiple represents a significant premium, approximately two standard deviations above the company's three-year historical average of 13.52x. This premium is justified by PropNex's entrenched market leadership and superior capital productivity. However, with the share price already reflecting these strengths, we anticipate a period of consolidation as the market awaits further catalysts to drive a material re-rating beyond current levels.

**Figure 1: Investment Summary and Key Financial Metrics**

Metric	Rating	Last Close (S\$)	Target Price (S\$)	Upside/ (Downside)	FY2026E P/E (x)	FY2026E DPS (cents)
<b>PropNex Limited (OYY.SI)</b>	Hold	2.09	2.21	5.74%	19.82x	9.8

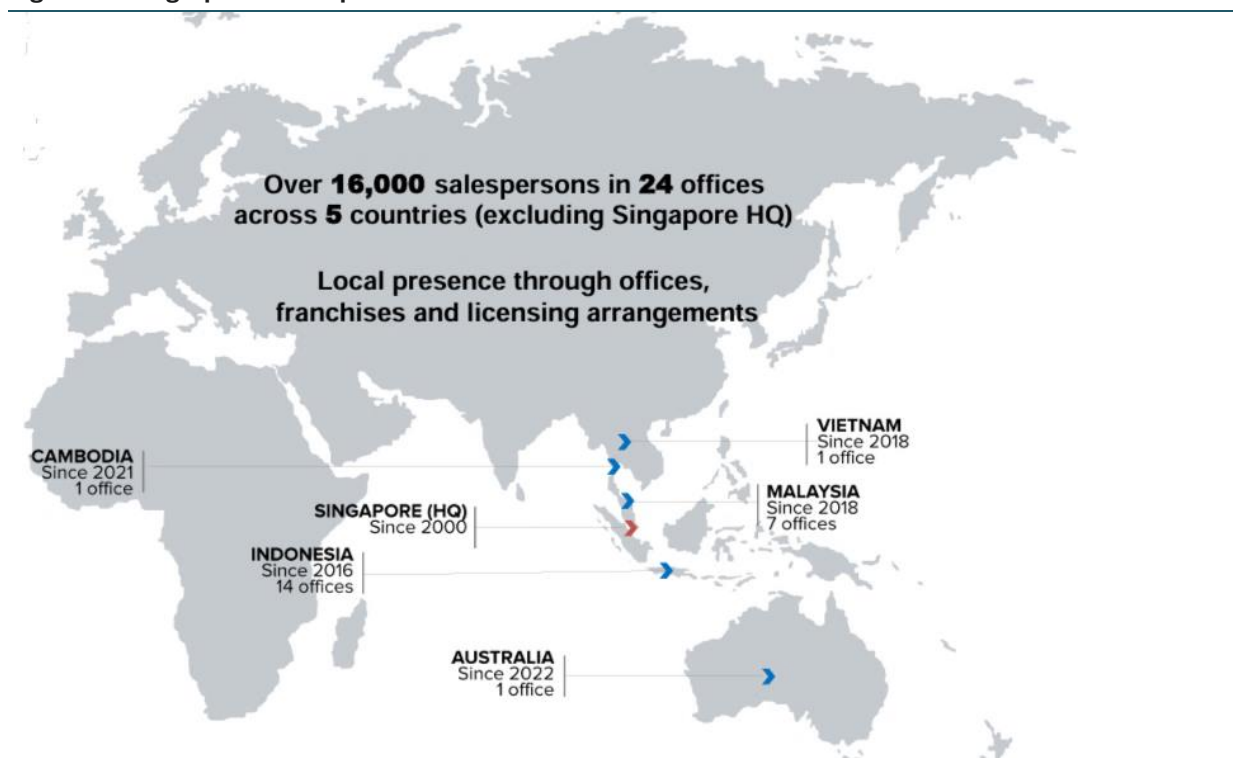
Sources: Bloomberg, compiled by uSMART Securities.

## 2. Stock and Company Fundamentals

### 2.1 Company Overview and History

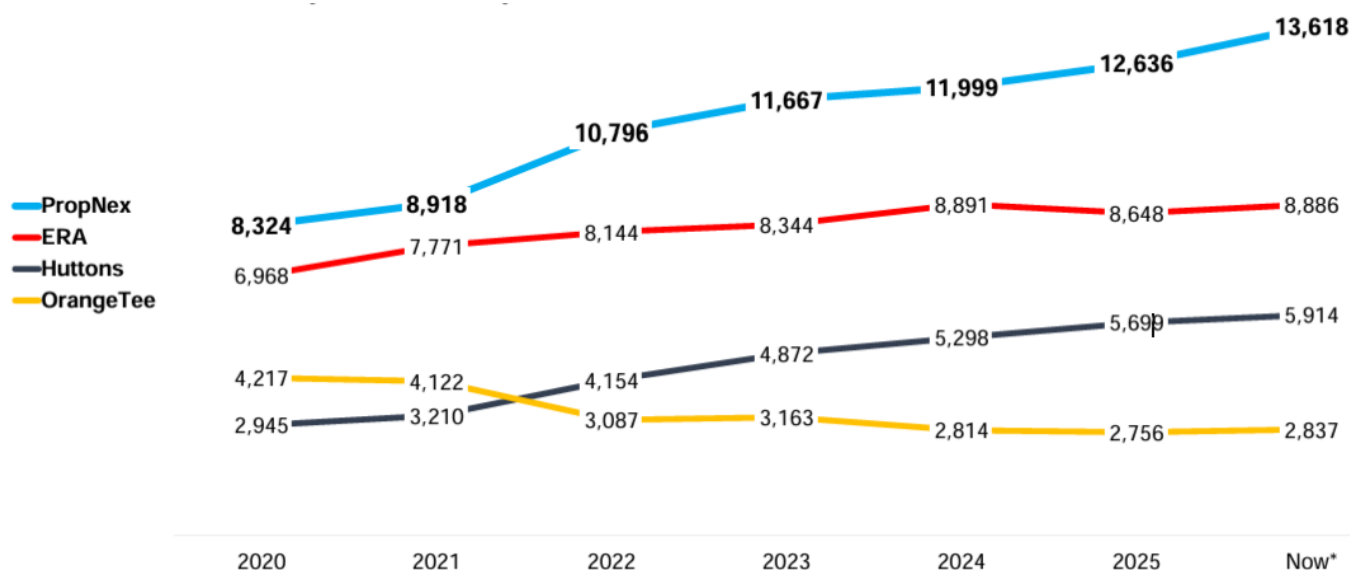
PropNex Limited is Singapore's largest listed real estate agency, operating as an integrated real estate services provider. Since its inception in 2000, PropNex has built a significant presence in Singapore's real estate market. Headquartered in Singapore, the company was listed on the SGX Mainboard on 2 July 2018 (OYY.SI). Its salesforce expanded to 13,618 agents as of August 2025, representing over 35% of Singapore's total agent population. Regionally, PropNex oversees a network of over 16,000 salespersons across Singapore and 24 regional offices in Indonesia, Malaysia, Vietnam, Cambodia, and Australia. While overseas operations currently contribute modestly to earnings, they offer long-term growth potential through an asset-light franchise model that generates recurring royalty income from licensing the PropNex brand and technology platform to international partners.

Figure 2: Geographical Footprint



Sources: Company data, uSMART Securities.

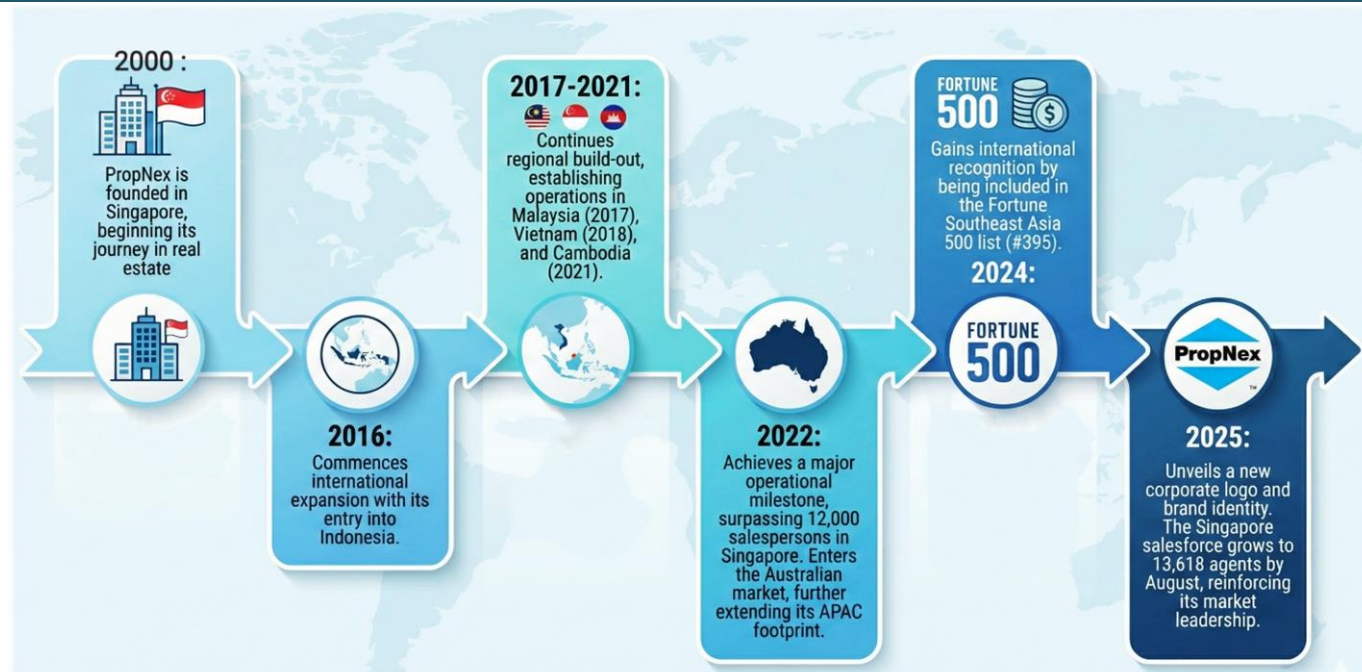
Figure 3: Top 4 Property Agencies in Singapore by Number of Salespersons (as at 1 January of each calendar year)



Sources: The Council for Estate Agencies ("CEA"), uSMART Securities.

## Key milestones:

Figure 4: PropNex's Milestone



Sources: Company data, compiled by uSMART Securities.

## 2.2 Management and Ownership Structure

The core leadership team, including the Executive Chairman and CEO, Mr. Mohamed Ismail S/O Abdul Gafoore, alongside Executive Director and Deputy CEO, Mr. Kelvin Fong Keng Seong, who together oversee the company's strategic direction and operational execution. The management team is supported by key personnel including the Chief Financial Officer (CFO) Ms. Lee Li Huang and Chief Technology Officer (CTO) Mr. Michael Koh.

On the ownership front, the ultimate holding company is P & N Holdings Pte. Ltd., which remains the substantial shareholder.

## 3. Business Model and Segments

### 3.1 Corporate Structure and Revenue Segments

PropNex operates as an integrated real estate services provider built on an inherently asset-light, cash-generative, and debt-free model. Its "asset-light cash generator" structure relies primarily on human capital and proprietary technology rather than fixed assets, resulting in low operating overhead relative to transaction volumes. The operational model yields robust cash flows and high gross margins, supported by the ability to pass most commission-related costs directly to its salesforce. In FY2024, the firm generated S\$5.6 million in finance income, a 25.6% increase from the FY2023, primarily due to higher interest income from increased fixed deposit placements during the year.

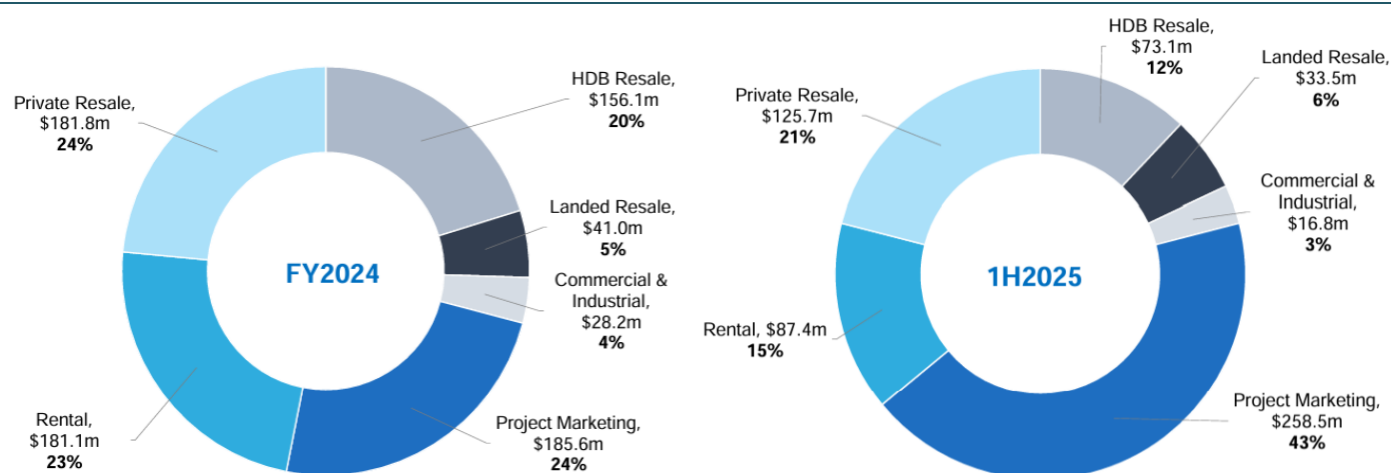
PropNex's business is organized around three main segments: Real Estate Brokerage, Real Estate Consultancy, and Training. Brokerage is the primary revenue driver, generating commission-based fees from the sale and rental of Housing and Development Board ("HDB") resale flats, private residential properties (including luxury properties and new launches), and commercial/industrial properties.

### FY2024 Revenue Mix (S\$783.0M Revenue)

For FY2024, PropNex maintains a well-balanced revenue base across key residential and commercial categories, with contributions from Project Marketing (24%), Private Resale (24%), Rental (23%), and HDB Resale (20%). This diversified mix provided stability during the subdued market period experienced in 1H2024 and mitigates risks associated with concentration in any single property type.



Figure 5: 6 property segments broaden revenue base and mitigate risks



Source: Company Data, uSMART Securities

## Shift in 1H 2025

1H2025 marked a decisive shift in revenue composition, with Project Marketing surging to S\$258.5m (+183.2% YoY). This surge reflects the lag effect of strong sales activity associated with new project launches that occurred in late 2024 and 1Q2025. This dominance is underlined by the PropNex's 54.2% market share in the New Launches segment in FY2024. This mix shift toward higher-margin project sales directly lifted its profitability, expanding gross profit margin to 11.0% in 1H2025.

Figure 6: Revenue Mix and Growth Contribution (FY2024A vs. 1H2025A)

Segment	FY24 Revenue (\$M)	FY24 Contribution	1H2025 Revenue (\$M)	1H2025 Contribution	1H2024 Revenue (\$M)	(1H25/1H24) YoY Growth
Project Marketing	185.6	24%	258.5	43%	91.3	+183.2%
Private Resale	181.8	24%	125.7	21%	79.4	+58.2%
HDB Resale	156.1	20%	73.1	12%	64.8	+12.8%
Rental	181.1	23%	87.4	15%	77.9	+12.2%
Landed Resale	41.0	5%	33.5	6%	16.4	+104.7%
Commercial & Industrial	28.2	4%	16.8	3%	11.3	+48.7%
<b>Total Segment Revenue</b>	<b>773.8</b>	<b>100%</b>	<b>595.0</b>	<b>100%</b>	<b>341.1</b>	<b>+74.4%</b>

Source: Company Data, uSMART Securities

### 3.2 Operational Excellence: The Productivity Edge

While PropNex's salespersons make up approximately one-third of all property agents in Singapore, they successfully closed around two-thirds of total residential transactions, reflecting the effectiveness of the company's training framework, support systems, and technology adoption. This strong productivity has reinforced PropNex's market position, contributing to its 64.2% share of overall transaction volume in FY2024.

PropNex's Vision 2027 aims to expand its salesforce to 15,000 agents while further leveraging technology to improve productivity and operational efficiency. This structured human-capital plan is expected to support long-term commission generation and strengthening PropNex's leadership in an industry where scale dictates negotiating power and data accumulation capabilities.

#### PropTech Investment as a Moat:

PropNex's salesforce is fundamentally supported by continuous investment in its proprietary PropTech ecosystem and professional training infrastructure. It retains an in-house technology team of around 50 developers dedicated to continuously enhancing its digital tools.

1. **PropNex Investment Suite (Launched April 2022):** This tool provides salespersons with immediate access to in-depth market analysis, including historical data on price trends, rental yields, and transaction comparisons. In 2024, key enhancements included the **ProMap** (an interactive map overlaying property metrics) and a detailed **Property Analysis Report**, simplifying complex investment advisory for clients.
2. **PropNex Business Suite (Launched May 2023):** Designed to streamline the transaction process and boost marketing efficiency by redefining the marketing and sale of resale properties, enabling stronger agent collaboration and shortening transaction turnaround times. Features introduced in 2024 include the **Concept Calculator** (real-time financial modeling for mortgages/investments), **Spot Units** (intuitive unit availability checks), and **ProWeb Google Ads Automation**. The integration of AI technology, specifically the **Templates.AI** feature within the Business Suite, automatically rewrites property descriptions to ensure uniqueness and enhance digital marketing capabilities.



## 4. Industry Landscape and Growth Drivers

### 4.1 Macroeconomic Headwinds and Tailwinds

Singapore's residential market in 2025 remains supported by resilient structural demand, with private home prices forecasted by PropNex to rise by 3–4%, broadly in line with the 3.9% increase in 2024. This sustained growth is underpinned by resilient underlying demand from Singaporean and Singapore PR buyers, healthy household balance sheets, and ample market liquidity. A key catalyst for transaction activity is the anticipated global monetary easing cycle, with expected Fed rate cuts in 2H2025–2026 likely to lower mortgage rates, improve affordability, and strengthen buyer confidence.

In the public housing segment, HDB resale price growth is projected to moderate to 4–5% in 2025 from 9.7% in 2024, reflecting increased Build-to-Order (BTO) supply and the stabilizing effect of prior cooling measures.

However, the sector remains exposed to significant headwinds, particularly the ever-present risk of property cooling measures. Furthermore, if interest rates remain elevated or rise unexpectedly, affordability would be severely impacted, posing downside risk to transaction volumes.

**Figure 7: HDB Resale Price Index & Private Residential Price Index**

	HDB Resale Price Index	Private Residential Price Index
Year	YoY change	YoY change
2013	-0.6%	1.1%
2014	-6.0%	-4.0%
2015	-1.6%	-3.7%
2016	-0.1%	-3.1%
2017	-1.5%	1.1%
2018	-0.9%	7.9%
2019	0.1%	2.7%
2020	5.0%	2.2%
2021	12.7%	10.6%
2022	10.4%	8.6%
2023	4.9%	6.8%
2024	9.7%	3.9%
1H 2025	2.5%	1.8%
2025 (F)	4% - 5%	3% - 4%

Source: Company Data, URA, HDB, uSMART Securities

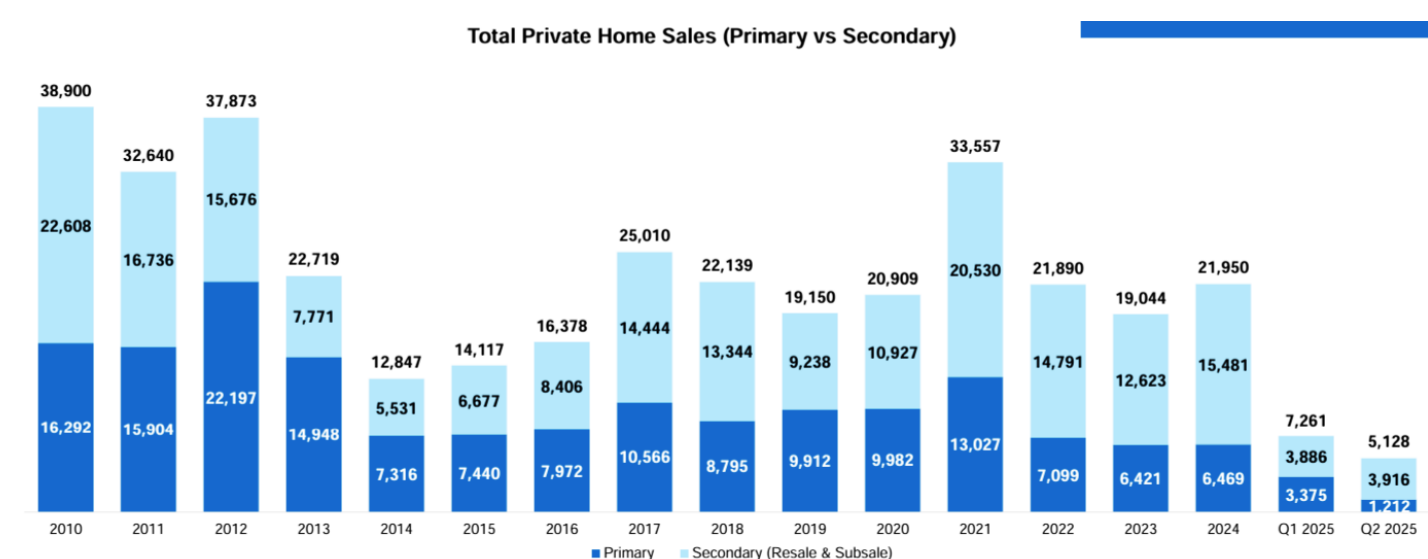
## 4.2 Singapore Residential Market Trends and Forecasts

The Singapore residential market has continued to strengthen into 2025.

### Recent Performance (1H 2025 & 3Q 2025)

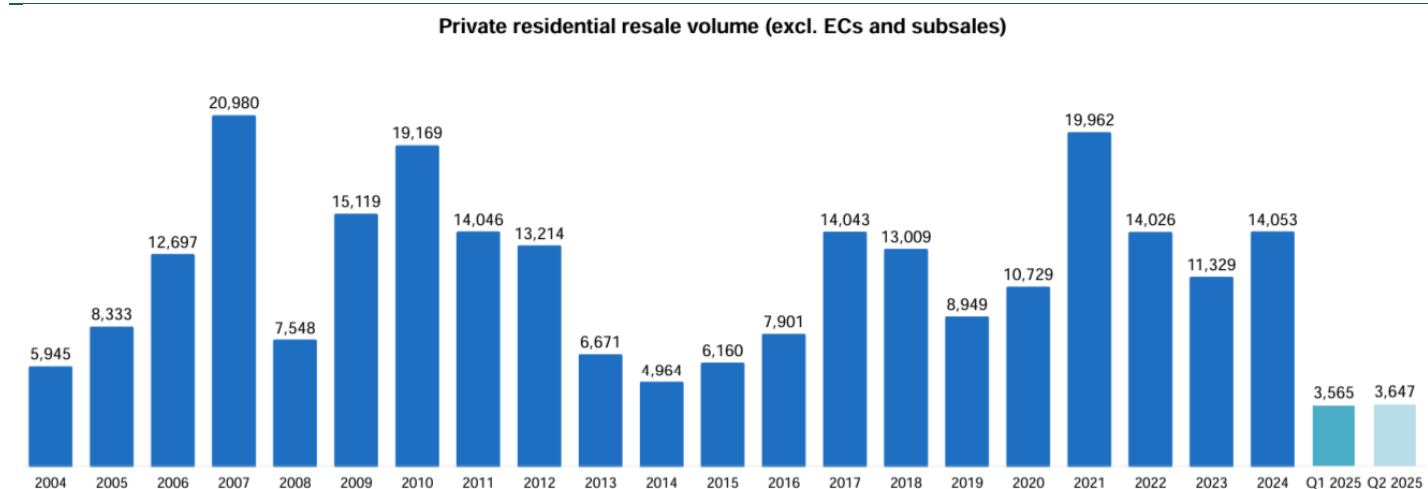
In 1H 2025, new private home sales (excluding Executive Condominiums, ECs) totaled 4,587, a massive increase of 142.8% over 1H 2024. Private resale segment saw 7,212 units transacted in 1H 2025, an 11.1% higher than the 6,491 resale homes that changed hands in 1H 2024.

**Figure 8: Private Home Sales (Volume)**



Source: Company Data, URA, uSMART Securities

**Figure 9: Private Resale (Volume)**



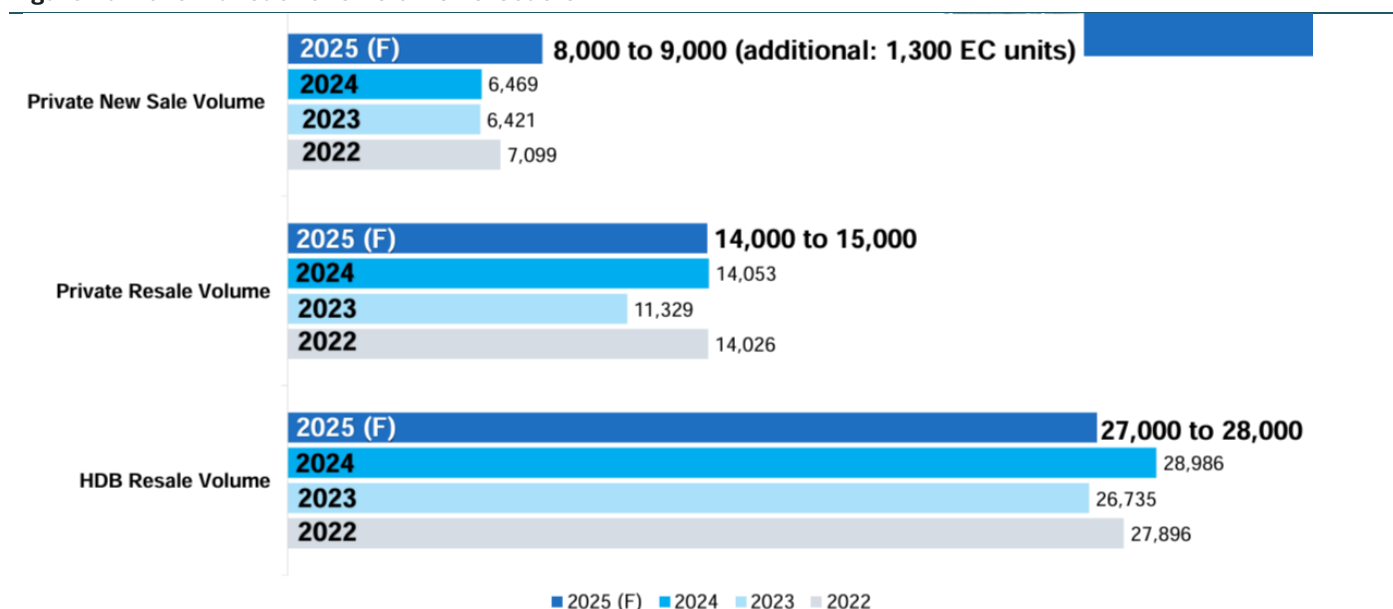
Source: Company Data, URA, uSMART Securities

## Full-Year Forecasts (2025):

PropNex management projects overall private home prices to rise modestly by 3% to 4% in 2025.

- **Developer sales (ex-ECs):** projected at 8,000–9,000 units, with potential to exceed 10,000 units, supported by a strong 2H launch slate.
- **Private resale volume:** Expected at 14,000–15,000 units, supported by a persistent price gap between new and resale properties.
- **HDB resale volume:** Volume projected to range at 27,000–28,000 units, as compared to 28,986 units in 2024.

Figure 10: 2025 Transactions Volume Forecasts



Source: Company Data, Data.gov.sg, URA, uSMART Securities

## 5. Competitive Analysis and Positioning

### 5.1 Market Share Deep Dive & Competitive Moat

PropNex consistently leads the market across all key residential subsegments in Singapore. It maintained its market leadership, growing its overall market share from 62.5% in 2023 to 64.2% in 2024 (up 1.7 percentage points (pp) YoY in FY2024).

Figure 11: PropNex Market Share by Transaction Volume (FY2024 vs FY2023)

Segment	FY2024 Market Share	FY2023 Market Share	Change (pp)
HDB Resale	66.4%	64.7%	+1.7
Private Resale	64.9%	65.8%	(0.9)
New Launches	54.2%	47.9%	+6.3
Landed Resale	50.2%	49.7%	+0.5
Private Leasing	37.8%	35.9%	+1.9
Overall Market Share	64.2%	62.5%	+1.7

Source: Company Data, Data.gov.sg, URA, uSMART Securities

The significant 6.3 pp surge in the market share of New Launches confirms that PropNex is the primary, large-scale beneficiary when developer sales volumes rebound, driving the record 1H 2025 revenue surge.

## 5.2 Peer Comparisons and Valuation Benchmarking

PropNex's valuation reflects its position as a high-efficiency asset-light real estate services platform, rather than a traditional, capital-intensive developer. This is demonstrated by a significant premium in profitability metrics compared to its closest listed peer, APAC Realty, and Singapore's major developers.

We compare PropNex against its direct brokerage peer, APAC Realty (CLN), the larger, capital-intensive Singapore real estate developers, UOL Group Ltd (U14) and City Developments Ltd (C09), and the hybrid real asset manager, Capitaland Investment (9CI).

Figure 12: Valuation of Real Estate Peers (As of Mid-November 2025)

Company Name	Code	Last Price (SGD)	Mkt Cap (SGD M)	P/E (x) (TTM)	P/E (x) FY25F	P/B (x)	Div. Yield (%) (TTM)	Div. Yield (%) (FY1 Fwd)	1 Yr Total Return (%)	ROE (%)
PropNex Ltd	OYY	2.09	1,547.0	25.76	20.57	12.79	4.84	4.19	154.48	53.62
APAC Realty Ltd	CLN	0.63	314.30	18.66	14.35	1.64	5.20	5.65	103.62	8.99
CapitaLand Inv.	9CI	2.63	13,117.3	29.89	29.43	1.04	4.56	4.49	1.31	3.31
UOL Group Ltd	U14	8.58	7,263.9	16.73	17.70	0.63	2.0	2.09	66.52	3.66
City Developments Ltd	C09	7.08	6,334.2	32.48	20.58	0.72	1.55%	2.38	43.03	1.62
Median / Average		2.63	6,334.20	25.76	20.69	1.04	4.56	4.19	66.52	3.66

Source: Bloomberg, Company Data, uSMART Securities

## 1. Structural Profitability (ROE) Justification

PropNex's Return on Equity (ROE) of 53.62% far outstrips every major peer, serving as the primary justification for its premium. PropNex is fundamentally priced as a high-efficiency services provider and scalable platform that rapidly turns capital into profit, in stark contrast to asset owners whose returns are diluted by large balance sheets.

- **Developers (U14 at 3.66%; C09 at 1.62%):** These companies are highly capital-intensive, relying on large asset bases, leading to inherently low ROE.
- **Real Asset Manager (9CI at ~3.75%):** While CapitaLand Investment has pivoted towards a fee-income-related business (FRB), it still requires significant capital and is exposed to the asset value cycle. PropNex's asset-light structure generates an ROE that is ~14x higher than 9CI's, positioning it in a different league for capital productivity.

## 2. Forward Valuation Advantage (P/E)

Despite its best-in-class profitability, PropNex is attractively valued on a forward-looking earnings basis:

- **TTM P/E (25.76x):** PropNex trades at the median TTM P/E of the peer group. Critically, it trades at a 37.9% premium to its brokerage peer, APAC Realty (18.66x), a premium warranted by the vast difference in ROE (53.62% vs. 8.99%).
- **Forward P/E (20.57x):** PropNex's expected FY25F P/E is nearly identical to the median/average of the group (20.69x) and is marginally lower than City Developments' forecast P/E (20.58x). However, against CapitaLand Investment's significantly higher valuation of 29.43x, PropNex trades at a substantial discount despite offering stronger forecast earnings growth and materially higher profitability (TTM ROE: 53.6% vs. 3.3% for 9CI).

## 5.3 SWOT Analysis

Strengths (S)	Weaknesses (W)
<ol style="list-style-type: none"> <li><b>Dominant Market Leadership &amp; Scale:</b> PropNex possesses the largest salesforce in Singapore (13,618 agents, 64.2% market share), creating strong network effects that reinforce leadership across key residential segments.</li> <li><b>Asset-Light and Debt-Free:</b> The debt-free structure with S\$136.8m cash in 1H 2025, and high operating cash conversion eliminate capital risk and ensure high financial flexibility.</li> <li><b>PropTech Ecosystem:</b> Proprietary technology platforms (Investment/ Business Suites) create structured training system, ensuring high agent productivity and acting as a primary talent magnet.</li> </ol>	<ol style="list-style-type: none"> <li><b>Geographic Concentration:</b> Earnings are heavily dependent on the Singapore residential market, exposing PropNex to domestic policy shifts and economic risk.</li> <li><b>Revenue Volatility:</b> High reliance on the cyclical and timing-sensitive Project Marketing segment, leading to potential earning volatility driven by the revenue recognition lag.</li> <li><b>Thin Margins &amp; High Variable Costs:</b> The commission-driven model results in low gross margins and high-cost ratios, making earnings sensitive to volume and commission pressure.</li> </ol>
Opportunities (O)	Threats (T)
<ol style="list-style-type: none"> <li><b>Interest Rate Moderation:</b> Anticipated rate cuts provide a strong macroeconomic tailwind that should stimulate buying confidence and transaction volumes in 2026.</li> <li><b>Salesforce Expansion:</b> The human capital strategy targets expanding the salesforce to 15,000 agents by 2027 could strengthen market dominance and revenue-generating capacity.</li> <li><b>New Launch Momentum:</b> An estimated 8,000–9,000 new private units in 2025 are expected to drive Project Marketing segment.</li> <li><b>Supportive Near-Term Market Outlook:</b> Resilient underlying demand, healthy household balance sheets, improving sentiment, and projected private price growth (3–4% in 2025) provide a favorable environment for revenue and earnings growth.</li> </ol>	<ol style="list-style-type: none"> <li><b>Government Cooling Measures:</b> New or tighter property cooling measures could quickly dampen transaction volumes and harm revenue.</li> <li><b>Interest Rate Volatility:</b> Rising interest rates would impact affordability and delay developer launches.</li> <li><b>Agent Mobility/Competition Pressure:</b> Intense competition and agent poaching threats may challenge retention and compromising market share dominance.</li> </ol>



## 6. Financial Performance Review

### 6.1 Financial Performance (FY2024A & 1H2025A)

#### FY2024 Review

Revenue declined by 6.6% YoY to S\$783.0 million, and net attributable profit dropped 14.4% YoY to S\$40.9 million. The decline was primarily driven by a 23.4% YoY reduction in commission income from the Project Marketing segment, which amounted to S\$185.6 million.

This outcome was a direct result of the lack of major new project launches in 1H2024. However, resilience was demonstrated by its stable commission income from agency services (S\$591.6 million) and improved finance income, which rose 25.6% YoY to S\$5.6 million, acting as an essential non-operating buffer.

#### 6.2 1H 2025 Record Performance

The 1H 2025 results were exceptional due to revenue recognition lag from strong 4Q2024 sales:

- **Net Profit:** Net attributable profit doubled to S\$42.3 million (+122.4% YoY), exceeding the net profit for the entirety of FY2024 (S\$40.9 million).
- **Revenue Surge:** Revenue rose 73.3% YoY to S\$598.9 million.
  - **Project Marketing:** This segment was the primary driver, surging 183.2% YoY to S\$258.5 million, constituted 43.2% of 1H 2025 revenue.
  - **Commission income from Agency Services:** Resale and rental activity also posted strong growth, up 33.9% YoY to S\$337.2 million.
- **Margin Expansion:** Gross Profit Margin (GPM) expanded by 130 bps, from 9.7% in 1H2024 to 11.0% in 1H2025.

**Figure 13: Income Statement Summary (1H2025 vs 1H2024)**

(in \$'000)	1H2025	1H2024	+/- (%)
Revenue	598,945	345,586	73.3
Cost of services rendered	(532,771)	(312,145)	70.7
<b>Gross profit</b>	<b>66,174</b>	<b>33,441</b>	<b>97.9</b>
<b>Gross profit margin</b>	<b>11.0%</b>	<b>9.7%</b>	<b>1.3</b>
Finance income	2,480	2,858	(13.2)
Other income	6,308	5,396	16.9
Staff costs	(11,050)	(9,990)	10.6
Depreciation and amortisation	(1,277)	(1,492)	(14.4)
Finance costs	(35)	(13)	169.2
Other expenses	(7,725)	(7,341)	5.2
(Impairment losses)/reversal of impairment losses	(82)	601	N.M.
<b>Profit before tax</b>	<b>54,793</b>	<b>23,460</b>	<b>133.6</b>
Tax expense	(9,298)	(4,001)	132.4
<b>Profit for the period</b>	<b>45,495</b>	<b>19,459</b>	<b>133.8</b>
<b>Net profit margin</b>	<b>7.6%</b>	<b>5.6%</b>	<b>2.0</b>
<b>Profit attributable to owners</b>	<b>42,256</b>	<b>19,001</b>	<b>122.4</b>
<b>Earnings per share (cents)</b>	<b>5.71</b>	<b>2.57</b>	<b>122.4</b>

Source: Company Data, uSMART Securities

**Figure 14: Balance Sheet Summary (1H2025 vs 2024)**

(in \$'000)	30 Jun 2025	31 Dec 2024	+/-
<b>Non-current assets</b>	<b>3,232</b>	<b>13,222</b>	<b>(9,990)</b>
<b>Current assets</b>	<b>384,719</b>	<b>272,482</b>	<b>112,237</b>
Trade and other receivables	228,688	129,390	99,298
Cash and cash equivalents	136,791	111,838	24,953
Other investments	19,240	31,254	(12,014)
<b>Total assets</b>	<b>387,951</b>	<b>285,704</b>	<b>102,247</b>
<b>Non-current liabilities</b>	<b>936</b>	<b>1,314</b>	<b>(378)</b>
<b>Current liabilities</b>	<b>258,875</b>	<b>159,636</b>	<b>99,239</b>
Trade and other payables	241,539	146,566	94,973
Current tax liabilities	13,665	8,667	4,998
Others	3,671	4,403	(732)
<b>Total liabilities</b>	<b>259,811</b>	<b>160,950</b>	<b>98,861</b>
<b>Total equity</b>	<b>128,140</b>	<b>124,754</b>	<b>3,386</b>
<b>Total equity and liabilities</b>	<b>387,951</b>	<b>285,704</b>	<b>102,247</b>

Source: Company Data, uSMART Securities

## Cash Flow and Capital Management

For FY2024, PropNex maintained a strong balance sheet with S\$111.8 million in cash and no borrowings, generating S\$5.6 million in finance income for the year. Operating cash flow remained healthy at S\$38.0 million in FY2024, rising further to S\$45.3 million in 1H2025 (vs. S\$16.3 million in 1H2024).

As of 30 June 2025, cash and cash equivalents increased to S\$136.8 million (+22.3% from FY2024), while trade and other receivables increased to S\$228.7 million (+76.7% HoH), reflecting higher commissions pending collection from the surge in Project Marketing activity.

**Figure 15: Cash Flows Summary (1H2025 vs 2024)**

(in \$'000)	1H2025	1H2024		
Operating activities	45,290	16,282	<b>Major Cash Flows Items (\$'000)</b>	<b>1H2025</b>
Investing activities	22,855	(5,631)	Cash from operations	45,290
Financing activities	(43,192)	(27,567)	Add/(Less):	
<b>Net increase/(decrease) in cash</b>	<b>24,953</b>	<b>(16,916)</b>	Interest received	1,855
<b>Cash at beginning of period</b>	<b>111,838</b>	<b>133,355</b>	Dividends paid to Shareholders	(40,700)
<b>Cash at end of period</b>	<b>136,791</b>	<b>116,439</b>	Dividends paid to NCI	(1,409)
			Decrease in long-term deposits	9,000
<b>Analysis of cash and cash equivalents</b>			Decrease in other investments	12,287
Cash at banks (including brokerage account)	28,891		Payment of lease liabilities (rental)	(1,048)
Fixed deposits	107,900		Others	(322)
<b>Cash and cash equivalents</b>	<b>136,791</b>		<b>Net increase in cash</b>	<b>24,953</b>

Source: Company Data, uSMART Securities

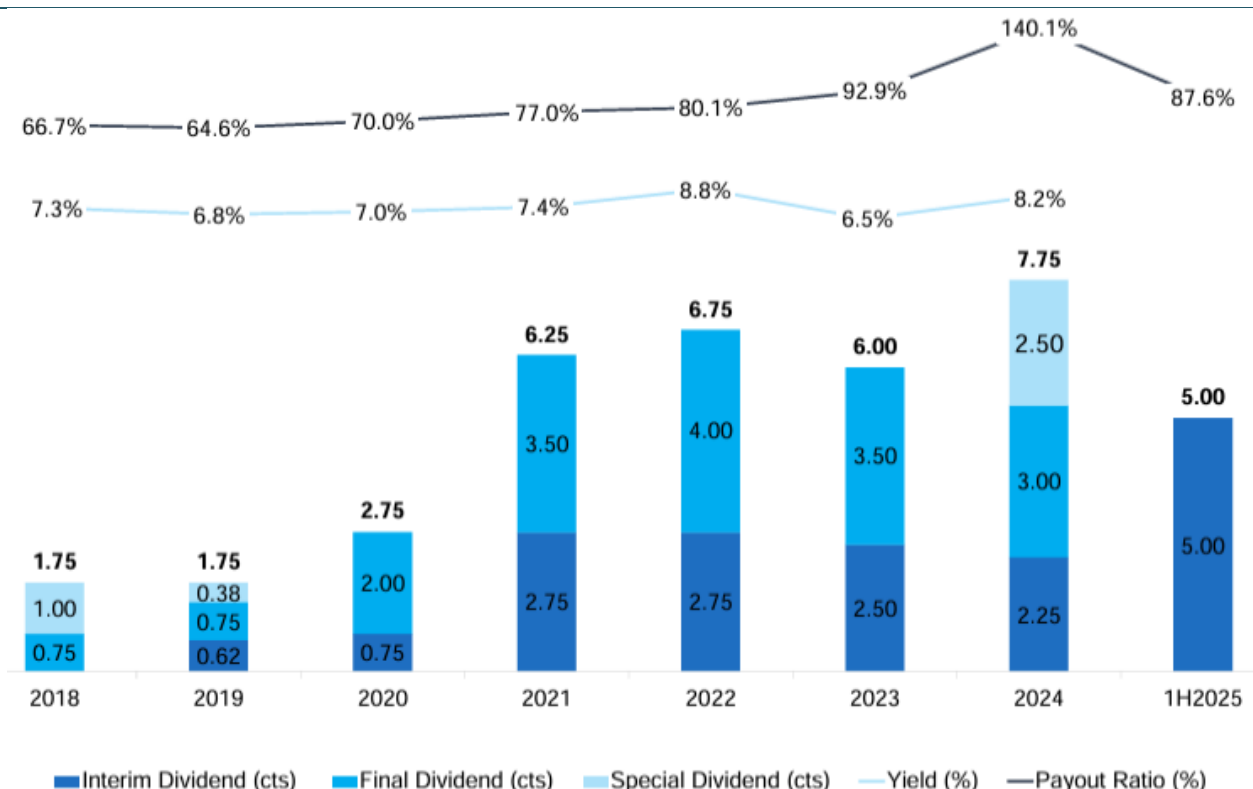
## Dividend Policy

For FY2024, the company declared a total dividend of 7.75 cents per share, which included a 2.50 cents special dividend to mark its 25th anniversary, resulting in a high one-off 140.1% payout ratio.

The company has consistently maintained a high dividend payout ratio (DPR). The proposed 1H 2025 interim dividend of 5.0 cents per share represents an 87.6% payout ratio, suggests that a conservative and sustainable payout ratio hovering around 90% of net attributable profit is the ongoing policy.

Based on projected FY2026 EPS of 10.9 cents and assuming a 90% payout ratio, the target dividend per share (DPS) for FY2026 is approximately 9.8 cents. This ensuring the company is committed to high distributions while balancing capital retention for technology investment and continued cash reserve growth.

Figure 16: PropNex's dividend payout highlight



Source: Company Data, uSMART securities

### 6.3 Valuation Framework and Target Price

We initiate coverage with a HOLD rating and a S\$2.21 target price. Our valuation is based on a 20.18x P/E multiple, a significant premium to PropNex's three-year historical average of 13.5x, applied to the average of our 2025-2026 EPS estimates. We utilize the P/E multiple as it best captures the earnings power of this asset-light, scalable model. The premium is justified by the company's sharp profit inflection, expanding margins, and entrenched market leadership, which we believe the current share price already fully reflects.

### 6.4 Sensitivity Analysis

The valuation is highly sensitive to total residential transaction volumes, particularly within the lucrative Project Marketing segment, and the P/E multiple assigned by the market. A 10% deviation in the average estimated FY2025 & FY2026 adjusted EPS could result in a target price range of S\$1.99 to S\$2.43.

## 7. Catalysts and Risks

### 7.1 Upcoming Catalysts and Developments

The short to medium- term outlook is underpinned by several tangible catalysts:

1. **Revenue Recognition Lag:** The financial impact of the surge in transactions from 4Q 2024 has already driven record 1H 2025 results and with continued financial impact expected in 2H2025.
2. **Robust Developer Launch Pipeline:** A substantial pipeline of new launches, approximately 8,000–9,000 units (excluding ECs) in 2025 and alongside steady developer participation in Government Land Sales (GLS) tenders, ensures sustained high-margin Project Marketing commissions extending into 2026.
3. **Salesforce Expansion and Productivity:** With the salesforce already at 13,618 as of August 2025 and a target of 15,000 by 2027, continued investment in PropTech solutions and training initiatives expected to drive productivity gains and reinforce market share.
4. **Supportive Market Conditions:** Recovery in market sentiment, moderate mortgage rates, and resilient household balance sheets support private home sales and stabilize resale activity in 2H2025.

### 7.2 Key Risks

1. **Macro and Regulatory Risks:** The largest threat remains unforeseen government cooling measures (e.g., stricter Additional Buyer's Stamp Duty (ABSD) or lower Loan-to-Value (LTV) limits). Unanticipated persistence of high interest rates would also erode affordability and delay developer launches, impacting transaction volumes.
2. **Cyclical of Residential Transaction Demand:** Real estate market is inherently cyclical, driven by macroeconomic conditions, interest-rate movements, and buyer sentiment. Economic weakness or tighter financial conditions typically suppresses transaction volumes, pressuring PropNex's commission-based revenue model. A prolonged slowdown would materially dampen earnings and profitability.
3. **Operational and Credit Risks:** The business is highly dependent on the mobility and retention of its strong sales force, posing a persistent attrition risk. Furthermore, the substantial increase in Trade and other receivables (S\$228.7 million in 1H 2025) exposes the firm to credit risk if the market contracts sharply.

## 8. ESG and Sustainability Analysis

**Environmental (E):** PropNex's primary environmental impact is electricity consumption (Scope 2 emissions). In FY2024, the company reduced its Scope 2 emissions by 2.3% compared to the 2022 baseline. Key initiatives include a zero-tolerance policy on single-use plastic water bottles, full e-invoicing for all customers, and digital name cards to reduce paper usage to minimize paper usage and need for in-person administrative tasks.

**Social (S):** PropNex prioritizes Human Capital development, emphasizing continuous training for its salespersons, achieving an average of 4.9 training hours for employees in FY2024. The company is the first real estate agency to have a formalised framework supported by the Singapore Industrial and Services Employees' Union (SISEU) to safeguard agent welfare. In FY2024, PropNex and its salespersons contributed \$2.5 million to local charities (earning the Community Chest Platinum Award) and volunteered over 1,600 hours for community initiatives.

**Governance (G):** The Sustainability Steering Committee (SSC), composed of senior management, is responsible for driving and executing the sustainability strategy, while the Board provides overall oversight. Compliance standards are robust: the firm recorded zero incidents of non-compliance with laws, fraud, or corruption. PropNex maintains stringent anti-corruption measures and a zero-tolerance policy towards fraud, supported by a Whistleblowing Policy and continuous compliance training.



## Appendix Table 1: Income Statement

In SGD millions except per share data	2024	2023	2022	2021	2020
<b>Revenue</b>	<b>782.95</b>	<b>838.10</b>	<b>1,029.19</b>	<b>957.49</b>	<b>515.63</b>
Cost of Goods Sold (COGS)	-711.98	-757.12	-924.51	-855.70	-459.10
<b>Gross Profit</b>	<b>70.98</b>	<b>80.98</b>	<b>104.68</b>	<b>101.79</b>	<b>56.53</b>
Selling, G&A Expenses	-36.71	-40.70	-34.59	-30.41	-26.9
<b>EBITDA</b>	<b>46.93</b>	<b>51.65</b>	<b>89.81</b>	<b>81.90</b>	<b>40.52</b>
Depreciation & Amort. (D&A)	-2.95	-3.49	-3.61	-3.55	-3.74
<b>Operating Income (EBIT)</b>	<b>43.99</b>	<b>48.16</b>	<b>86.20</b>	<b>78.35</b>	<b>36.78</b>
Net Interest Expense (Income)	-0.00	-0.00	0.00	0.00	0.00
Other Non-Operating Income/(Exp.)	5.81	11.32	(7.12)	0.32	0.38
<b>Pretax Income (EBT)</b>	<b>49.80</b>	<b>59.48</b>	<b>79.08</b>	<b>78.67</b>	<b>37.16</b>
Income Tax Expense	-8.16	-9.87	-13.71	-13.53	-5.93
Minority Interest	-0.72	-1.8	-3.01	-5.11	-2.14
<b>Net Income (GAAP)</b>	<b>40.92</b>	<b>47.81</b>	<b>62.36</b>	<b>60.03</b>	<b>29.09</b>
<b>Revenue Growth (YoY%)</b>	<b>-6.6</b>	<b>-18.0</b>	<b>7.5</b>	<b>85.8</b>	<b>22.8</b>
<b>Margins (%)</b>					
Gross Margin	9.07	9.66	10.17	10.63	10.96
Operating Margin	5.62	5.75	8.38	8.18	7.13
EBITDA Margin	5.99	6.16	8.73	8.55	7.86
EBIT Margin	5.62	5.75	8.38	8.18	7.13
Net Margin	5.23	5.70	6.06	6.26	5.64
<b>Ratio (%)</b>					
ROA	13.02	13.31	18.62	24.64	16.76
ROC	32.46	38.08	52.96	63.20	37.36
ROIC	25.78	22.49	55.65	57.16	34.26

Source: Bloomberg, Company Data, uSMART Securities

Appendix Table 2: Balance Sheet

In SGD millions except per share data	2024	2023	2022	2021	2020
<b>Assets</b>					
PPE	3.82	4.17	6.39	4.92	5.75
Others	9.4	15.4	0.97	1.26	0.57
<b>Total Non-Current Assets</b>	<b>13.22</b>	<b>19.57</b>	<b>7.36</b>	<b>6.18</b>	<b>6.32</b>
Cash & Cash Equivalents	143.09	138.86	144.58	145.65	105.8
Trade & Other Receivables	125.5	180.95	220.95	141.05	78.23
Others	3.89	3.68	2.47	1.69	2.36
<b>Total Current Assets</b>	<b>272.48</b>	<b>323.49</b>	<b>367.99</b>	<b>288.38</b>	<b>186.39</b>
<b>Total Assets</b>	<b>285.70</b>	<b>343.06</b>	<b>375.35</b>	<b>294.57</b>	<b>192.71</b>
<b>Liabilities</b>					
ST Borrowings	0.00	0.00	0.00	0.00	0.00
Trade & Other Payables	155.01	210.59	241.89	177.54	101.03
Others	4.62	5.14	4.03	2.96	2.87
<b>Total Current Liabilities</b>	<b>159.64</b>	<b>215.73</b>	<b>245.92</b>	<b>180.5</b>	<b>103.9</b>
LT Borrowings	0.00	0.00	0.00	0.00	0.00
Others	1.31	1.10	2.93	1.49	1.23
<b>Total Non-Current Liabilities</b>	<b>1.31</b>	<b>1.10</b>	<b>2.93</b>	<b>1.49</b>	<b>1.23</b>
<b>Total Liabilities</b>	<b>160.95</b>	<b>216.84</b>	<b>248.86</b>	<b>181.99</b>	<b>105.12</b>
<b>Equity</b>					
Share Capital	57.49	57.49	57.49	57.49	57.49
Retained Earnings	82.98	84.71	85.11	69.00	44.12
Others	-17.06	-17.05	-17.05	-17.06	-17.06
<b>Total Owner's Equity</b>	<b>123.41</b>	<b>125.15</b>	<b>125.55</b>	<b>109.43</b>	<b>84.56</b>
Minority Interests	1.34	1.08	0.94	3.14	3.03
<b>Total Equity</b>	<b>124.75</b>	<b>126.23</b>	<b>126.49</b>	<b>112.58</b>	<b>87.59</b>
<b>Total Liabilities and Equity</b>	<b>285.70</b>	<b>343.06</b>	<b>375.35</b>	<b>294.57</b>	<b>192.71</b>
<b>Liquidity &amp; Leverage Ratios (x)</b>					
Current Ratio	1.71	1.56	1.51	1.48	1.52
Total Debt / Equity	0.00	0.00	0.00	0.00	0.00

Source: Bloomberg, Company Data, uSMART Securities

### Appendix Table 3: Cash Flow Statement

In SGD millions except per share data	2024	2023	2022	2021	2020
<b>Cash Flow from Operations</b>					
Net Income	40.92	47.81	62.36	60.03	29.09
Adjustments	2.61	0.30	7.43	16.29	10.18
<i>Depreciation &amp; Amortization</i>	2.95	3.49	3.61	3.55	3.74
<i>Other Non-Cash Items</i>	-0.34	-3.19	3.82	12.74	6.44
Working Capital Changes	0.24	14.03	-17.23	7.08	3.33
<b>Cash Flow from Operations</b>	<b>43.77</b>	<b>62.14</b>	<b>52.56</b>	<b>83.40</b>	<b>42.59</b>
<b>Investing Cash Flow</b>					
CAPEX	-25.79	-0.72	-0.37	-0.54	-0.49
Others	5.77	-14.71	-5.18	-0.39	-0.01
<b>Cash Flow from Investment</b>	<b>-20.02</b>	<b>-15.43</b>	<b>-5.54</b>	<b>-0.93</b>	<b>-0.50</b>
<b>Financing Cash Flow</b>					
Dividends Paid	-43.11	-49.79	-46.25	-35.15	-13.88
Others	-4.30	-4.78	-15.04	-14.94	-8.04
<b>Cash Flow from Financing</b>	<b>-45.27</b>	<b>-52.18</b>	<b>-53.77</b>	<b>-42.63</b>	<b>-17.90</b>
<b>Net Change in Cash</b>	<b>-21.52</b>	<b>-5.47</b>	<b>-6.76</b>	<b>39.84</b>	<b>24.19</b>
Beginning Cash	138.86	144.58	145.65	105.8	81.61
<b>Ending Cash</b>	<b>117.34</b>	<b>139.11</b>	<b>138.89</b>	<b>145.64</b>	<b>105.80</b>

Source: Bloomberg, Company Data, uSMART Securities

**Investment Rating Definitions**

**Short-term Company Rating:** Based on the company's share price performance relative to the current price within six months from the date of the report:

- Buy: The company's share price outperforms the benchmark index by  $\geq 20\%$
- Outperform: The company's share price outperforms the benchmark index by  $5\% - 20\%$
- Hold: The company's share price change is within  $\pm 5\%$  of the benchmark index
- Neutral: No judgment is made on the company's share price performance within the next 12 months

**Long-term Company Rating:**

- A: The company's long-term growth potential is above the industry comparable average
- B: The company's long-term growth potential is in line with the industry comparable average
- C: The company's long-term growth potential is below the industry comparable average

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