

PROPNE X ANNOUNCES PROFIT AFTER TAX OF S\$4.0 MILLION FOR 2Q2019

- Declares interim dividend of 1.25 Singapore cents, representing a payout ratio of 81.1% of 1H2019 profit
- Transaction volumes for Private New Homes have recovered strongly from the cooling measures, demonstrating market resilience
- Launches PropNex PA mobile application to enhance salespersons' productivity
- PropNex crosses the 8,000 salespersons milestone, with more experienced and new salespersons joining due to the Group's comprehensive training programmes
- Debt-free and strong cash balance of S\$72.7 million as at 30 June 2019

Singapore, 13 August 2019 – Singapore-listed PropNex Limited (“**PropNex**”, or the “**Company**”, and together with its subsidiaries, the “**Group**”), Singapore's largest home-grown real estate agency, posted a net profit after tax (“**NPAT**”) of approximately S\$4.0 million for the three months ended 30 June 2019 (“**2Q2019**”).

The primary private market has recovered strongly since cooling measures were introduced in July 2018. This was supported by developers pricing the new private residential project launches aptly. On the HDB front, the market continue to see steady demand for HDB resale flats.

Interim Dividend

The Board has declared an interim dividend of 1.25 Singapore cents, representing a payout ratio of 81.1% of 1H2019 profit. The payout ratio of more than 80% for first half profit is testament of the Board's confidence in the long-term prospects of the Group.

Financial Highlights of the Group

S\$'000	2Q2019	2Q2018	Change (%)	1H2019	1H2018	Change (%)
Revenue	92,093	121,615	(24.3)	166,303	224,364	(25.9)
Gross Profit	9,373	9,014	4.0	16,705	19,968	(16.3)
PBT	4,861	5,692	(14.6)	7,624	13,912	(45.2)
NPAT	4,038	4,730	(14.6)	6,374	11,728	(45.7)
PATMI	3,704	4,204	(11.9)	5,704	10,374	(45.0)
EPS (cents)	1.00	1.36	(26.5)	1.54	3.37	(54.3)

The Group reported a revenue of S\$92.1 million for 2Q2019, down 24.3% from the S\$121.6 million recorded in the previous corresponding period. This was mainly due to:

- 1) Decrease in commission income from agency services of approximately S\$24.1 million or 25.5% from S\$94.6 million in 2Q2018 to S\$70.5 million in 2Q2019 as strong en-bloc activities before the cooling measures had contributed to the strong resale activities during the first half of 2018.
- 2) Decrease in commission income from project marketing services of approximately S\$5.6 million or 22.0% from S\$25.4 million in 2Q2018 to S\$19.8 million in 2Q2019 as a significant number of option-to-purchase have not been completed as at 30 June 2019.

Overall for the half year ended 30 June 2019 (“**1H2019**”), PropNex achieved revenue of S\$166.3 million and NPAT of S\$6.4 million due mainly to reasons mentioned above.

Mr. Ismail Gafoor, co-founder, Executive Chairman and CEO of PropNex, said, “A year on from the implementation of the property cooling measures, we are seeing the primary private market recovering strongly since cooling measures were first introduced in July last year. We expect the market to remain resilient and strong sales momentum to carry through to the end of this year, driven by a strong pipeline of attractive new launches.”

“On the other hand, the private resale market, which was the hardest hit by cooling measures, is still feeling the effects. The strong en-bloc activities before the cooling measures have contributed to the strong resale activities during the first half of 2018, in comparison, this has inevitably affected our financial performance this year. Coupled with the recent economic uncertainties, the change in sentiment towards these properties has led to owners postponing and holding off the decision to sell their properties in the current economic climate,” added Mr. Ismail.

Entrenching Market Leadership in Project Launches

In 2Q2019, PropNex continues its lead in project marketing in the top 10 best-selling projects. The Group closed the highest number of units against other joint marketing agencies for almost all of the top 10 best-selling projects from April to June 2019. However, as revenue recognition usually happens a few months after the option-to-purchase is issued, in addition to the time lag required to process the various sales-related documents, transactions at the initial launch of recent popular projects are likely to be recognised only from the following quarters.

Referring to the table on the next page, PropNex was the best performing agency (in **bold**) for over 90% of the time from April to June’s top 10 best-sellers that PropNex marketed. Notably, among the top 10 best-sellers, PropNex was appointed for all except one project due to conflict of interests with other projects PropNex were marketing in the same vicinity.

TOP 10 MONTHLY BEST-SELLING PROJECTS (APR – JUNE 2019)						
S/N	Project Name	April (units)	Project Name	May (units)	Project Name	June (units)
1	The Tre Ver	81	Amber Park	155	Sky Everton	134
2	Parc Botannia	61	Parc Komo [#]	79	Treasure At Tampines	70
3	Stirling Residences	51	The Woodleigh Residences [*]	74	Parc Botannia	60
4	Treasure at Tampines	51	The Florence Residences	55	Parc Esta	58
5	Riverfront Residences	50	Treasure At Tampines	50	The Florence Residences	48
6	The Florence Residences	44	Parc Esta	40	Stirling Residences	33
7	Parc Esta [#]	39	Stirling Residences	35	The Tre Ver	31
8	Affinity At Serangoon	35	The Tre Ver	34	The Woodleigh Residences [*]	31
9	Whistler Grand	29	Parc Botannia	33	Riverfront Residences	30
10	Park Colonial	23	Riverfront Residences	33	Parc Komo	28

Source: PropNex Research, URA Monthly Developer sales

* PropNex was not appointed

PropNex was not the lead joint marketing agency for the month

Singapore's Largest Real Estate Agency Empowers Talent with Technology

According to the Council for Estate Agencies, as at 11 August 2019, PropNex is the largest listed real estate agency in Singapore with 8,049 salespersons, a growth of 649 salespersons or 8.8% from 1 January 2019. The continual growth in salespersons numbers is a testament to the Group's top-notch training and development programmes and strong collaborative culture, which have been strong pull factors in attracting both new and experienced salespersons.



The Group also remains committed to empowering its salespersons through technology. Earlier in March this year, PropNex had launched the PropNex Personal Assistant (“PA”) mobile application for its agents, which feature United Overseas Bank’s (“UOB”) digital home loan solution in an extension of PropNex’s partnership with the bank. Some key features of the application include Grab Tagger, Open House, auto posting of listings functions, and customised websites for every salesperson.

“As we progressively move into the digital age, it is now more important than ever to stay ahead of the industry with the latest tools at hand to make clients’ real estate experience seamless and efficient. PropNex will continue to improve and build more digital platforms for our salespersons to leverage on for their business,” said Mr Ismail.

Group’s Valuation Service Making Headway

In line with its business strategy, the Group has also set up the Valuation department to widen its real estate consultancy service offerings. Joseph Gan joined the Group as its Director of Valuation in May 2019 and is in charge of providing and growing the valuation business services to banks, financial institutions, statutory boards, lawyers and private clients.

Since its inception, PropNex has been appointed by a number of banks including UOB, Oversea-Chinese Banking Corporation (“OCBC”) and Maybank. The Group is currently in active discussion with other financial institutions to be included in their panels.

Market Outlook

The sales performance of the second quarter tends to outperform the first quarter largely due to the festive holidays in the beginning of the year and sales momentum picks up after. With the line-up of possibly over 26 new launches in 2H2019, the Group expects the sales activities to continue for the remainder of the year, with momentum and demand staying resilient. To fully capitalise on the numerous project launches this



year, the Group will continue to conduct consumer seminars to articulate the opportunities to potential buyers. These consumer seminars are often conducted by the Company's executive directors Mr Mohamed Ismail S/O Abdul Gafoore and Mr Kelvin Fong Keng Seong.

While private home prices may see a positive price growth in 2019, the Group anticipates the private resale market to be relatively subdued due to the property cooling measures as owners are postponing and holding off the decision to sell their properties.

On the public housing front, the HDB resale market is reflecting continuous demand and price stabilisation.

About PropNex Limited

PropNex Limited is Singapore's largest listed group with over 8,000 sales professionals. As an integrated real estate services group, PropNex's key business segments include real estate brokerage, training, property management and real estate consultancy.

The Group has an established presence in Singapore's residential market, even as it continues to expand its suite of real estate services in Singapore and grow operations regionally. PropNex has presence in Indonesia, Malaysia and Vietnam.

With a strong commitment to service excellence and quality, PropNex is the proud recipient of numerous accolades and is a recognized leader in real estate agency services.

For more information, please visit www.propnex.com

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