

PROP Nex EMBRACES DIGITAL TRANSFORMATION AND SEES 9M2020 NET PROFIT AFTER TAX GREW 78.7% TO S\$23.2M

- Launched Singapore Property Show 2020, an industry-leading initiative, in collaboration with Mediacorp and 99.co
- 3Q2020 Net Profit grew 9.3% to S\$7.2 Million
- Debt-free with robust cash position of S\$94.8 million

Financial Highlights of the Group

S\$'000	3Q2020	3Q2019	% Change	9M2020	9M2019	% Change
Revenue	118,469	122,519	(3.3)	360,016	288,822	24.6
Gross Profit	13,289	13,164	0.9	40,929	29,428	39.1
PBT	8,709	8,116	7.3	27,988	15,740	77.8
NPAT	7,231	6,613	9.3	23,211	12,987	78.7
PATMI	6,756	6,111	10.6	21,595	11,815	82.8
EPS (in cents)	1.83	1.65	10.6	5.84	3.19	82.8

Singapore, 12 November 2020 – PropNex Limited (“PropNex”, or the “Company”, and together with its subsidiaries, the “Group”), Singapore’s largest listed real estate agency, today reported a 9.3% growth in net profit after tax (“NPAT”) for the three months ended 30 September 2020 (“3Q2020”) to S\$7.2 million, up from S\$6.6 million in the year ago period, despite the challenges brought on by the COVID-19 pandemic. In the quarter under review, PropNex registered a revenue of S\$118.5 million.

The Group’s 3Q2020 performance was firmly led by strong domestic demand in both the private residential and public housing segments. This could possibly suggest

buyers' confidence in the recovery of Singapore's economy, as the country steadily navigates the new normal. Buyers with funds are keenly looking to enter the residential market to take advantage of relatively attractive pricing by developers and the low interest rate environment.

Mr. Ismail Gafoor, co-founder, Executive Chairman and CEO of PropNex, said: "The real estate market has outperformed expectations time and again in recent months. Notably, in September, we saw 1,329 new private homes (excluding Executive Condos) transacted, marking the highest monthly sale in more than two years. This was also the fifth straight month of increase in terms of transactions in the new launches segment. We observed that there is a sizeable pool of genuine buyers, HDB upgraders and investors, who are still keen to enter the market to take advantage of the relatively attractive pricing, especially in the current economic situation. The market has had time to absorb the shock from the initial insurgence of the COVID-19 pandemic in January 2020. The Singapore government's efforts in implementing effective control measures have ensured that the country is in a good position to battle the pandemic, and potential buyers are able to take comfort in the declining number of cases reported daily. Buyers right now probably have greater visibility on the potential challenges and opportunities ahead and are in a better position to make an informed decision."

"We adapted our marketing approach quickly to safe distancing measures when the pandemic first struck. PropNex was a first mover in adopting digital technology to proactively reach out to consumers and salespersons. These included our online consumer seminars and virtual property expo, which translated to our rising sales during this period. We managed to increase our market share across three segments – new launches, private resale and HDB resale over this period, allowing us to grow our NPAT by 9.3% despite the very challenging operating environment."

Despite the continued safe distancing measures and restrictions on mass gatherings in 3Q2020, PropNex continued to adapt swiftly, and hence, deepened its dominance as the market leader in new launches, private resale and HDB resale segments. The Group transacted the greatest number of units in the quarter among competing marketing agencies appointed by developers for most of the projects launched.

For 3Q2020, revenue decreased by S\$4.1 million or 3.3%, from S\$122.5 million in the three months ended 30 September 2019 (“3Q2019”) to S\$118.5 million in 3Q2020, which was mainly due to the decrease in commission income from agency services due to the circuit breaker. This was partially offset by an increase in commission income from project marketing services driven by higher number of transactions completed in 3Q2020 following the recovery of the private residential market segment post July 2018 property cooling measures and the Group’s success in capturing a larger market share by transforming the business to adapt to new norms.

For the nine months ended 30 September 2020 (“9M2020”), the Group saw a 24.6% year-on-year growth in topline to S\$360.0 million and a 78.7% growth in NPAT to S\$23.2 million over the same comparative period.

The Group’s balance sheet remained robust with cash and cash equivalents of S\$94.8 million as at 30 September 2020, compared to S\$81.6 million as at 31 December 2019.

Revolutionising and Digitalising the Real Estate Industry

The global pandemic had accelerated the adoption of digital technology in all industries, including the real estate industry. Consumers are now more receptive to making online decisions for big ticket items, such as real estate. In order to stay ahead of the curve, PropNex has partnered industry leaders to leverage on this evolving home buyers’ behaviour. One such example is the Singapore Property Show 2020, in collaboration with Mediacorp and 99.co. Hosted on 99.co’s platform and slated to run from 10

October to 4 December 2020, the series of virtual webinars showcase 17 New Launch projects using innovative and immersive features, such as narrated 4D virtual tours. PropNex supports the Singapore Property Show 2020 by helming weekly webinars that offer first-hand insights into the Singapore property market and property investment topics.

Mr. Ismail said: “With COVID-19 measures likely to extend into 2021, the Group firmly believes that digital tools, such as virtual showflats, will continue to serve as an additional touchpoint for developers and salespersons to connect with potential buyers. We launched this industry-leading initiative, to bring to home buyers a richer virtual viewing experience that is both engaging and immersive, as if they were physically there and yet, is extremely convenient for them and without the health risks.”

Market Outlook

As countries look to ease restrictions, there remains significant uncertainty regarding the length and severity of potential resurgence of the pandemic, which will impact subsequent containment measures and fiscal policies globally.

Despite the pandemic and economic uncertainties, the Singapore real estate industry has performed well in the third quarter of 2020. This was largely on the back of strong domestic demand in both the private residential and public housing segments. The Group believes that the momentum is likely to continue to the fourth quarter, and overall transaction volume for the full year of 2020 is expected to remain strong.

In the private residential market, a total of 13,980 private homes have been sold in the first nine months of 2020. Supported by healthy demand in the resale market, PropNex expects overall sales for the full year to hit 19,500, exceeding the 19,150 units transacted in 2019. Overall, private home prices are anticipated to remain resilient, potentially rising by up to 1% for the whole of 2020. Several factors such as the low

interest rate environment, debt moratorium programme, and support measures to preserve jobs have also strengthened holding power among homeowners and helped to keep prices stable. However, the authorities' recent clampdown on the re-issuance of options to purchase ("OTPs") might dampen sales in the coming months.

The trend in the public housing segment has been going towards a recovery since the implementation of the 30% Mortgage Servicing Ratio in 2013, where HDB resale prices saw a 1.5% increase in 3Q2020, the largest quarterly increase in more than seven years. This was likely fueled by several factors, including the new housing grant announced in September 2019, the delay in the completion of some new flats due to construction disruption which diverted some buyers to the resale market, and buyers choosing a more affordable housing option vis-à-vis private housing amid the uncertain economic outlook. The sales momentum is likely to continue in the last quarter of 2020, potentially pushing total HDB resale volume to above the 23,000 units for the whole of 2020.

Based on data obtained from the government website - www.data.gov.sg, there are more than 24,000 HDB flats in 2020 and more than 25,500 flats in 2021 reaching the minimum occupation period, which make them eligible to be resold. In view of this, some HDB owners may upgrade from public housing to a private residential property.

About PropNex Limited

PropNex Limited is Singapore's largest listed real estate agency with over 8,830 (as at 30 October 2020) 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 a dominant presence in Singapore's residential market, even as it continues to expand its suite of real estate services and with growing presence in Indonesia, Malaysia and Vietnam.

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



For more information, please visit www.propnex.com

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