

NET PROFIT AFTER TAX DOUBLES TO S\$16.2 MILLION IN 1Q2021

- Group revenue grew 63.3% to S\$220.6 million due to increased transaction volume
- Remains debt-free with cash position of S\$118.9 million
- As Singapore's largest real estate agency, PropNex is on track to have a salesforce of 10,000 salespersons by 2022
- PropNex expects real estate market to remain resilient in 2021 despite heightened Covid-19 restrictions and prospect of new cooling measures
- Acquired 70% of Ovvv, technology platform that connects service providers to consumers

Financial Highlights of the Group

S\$'000	1Q2021	1Q2020	% Change
Revenue	220,578	135,066	63.3%
Gross Profit	23,277	14,835	56.9%
PBT	19,375	9,875	96.2%
NPAT	16,180	8,224	96.7%
EPS (in cents)	4.01	2.05	95.6%

Singapore, 11 May 2021 – PropNex Limited (“**PropNex**” and together with its subsidiaries, the “**Group**”), Singapore’s largest listed real estate agency, reported a 96.7% growth in net profit after tax (“**NPAT**”) for the first quarter ended 31 March 2021 (“**1Q2021**”) to S\$16.2 million, on the back of a 63.3% growth in revenue to S\$220.6 million.

While the first quarter typically sees a lower transaction volume for the real estate market as a result of the festive period and the Lunar New Year holidays, the performance of the market in 1Q2021 had been encouraging. The Group’s growth in both top and bottom-

line can be attributed to improved market sentiments, which are supported by expectations of a gradual economic recovery, a successful vaccine rollout, availability of ample liquidity and healthy housing demand. This was reflected in the strong take-up of new project launches which are attractively priced and well located. PropNex maintained its leadership position among competing marketing agencies for most of the new projects launched.

Mr. Ismail Gafoor, co-founder, Executive Chairman and CEO of PropNex, said: “I am heartened to say that the Group turned in an extremely strong quarter, with excellent performance across all businesses. We witnessed a rise in our market share across the three segments of new launches, private resale and HDB resale, which allowed us to achieve growth in our top and bottom-line. PropNex’s key pillars of a unique corporate culture, proprietary training and development programmes, and unstinting investment in digital technologies continued to serve us well. We entered 2021 with good momentum and I am confident of our competitive position, and optimistic of our opportunities for continued growth.”

The Group’s financial performance in 1Q2021 was driven by the higher number of transactions completed in 1Q2021 following the recovery of private residential market from the property cooling measures of July 2018. Revenue increased by approximately S\$85.5 million or 63.3%, from S\$135.1 million in 1Q2020 to S\$220.6 million in 1Q2021. This was mainly due to the increase in commission income from agency services of approximately S\$47.5 million and increase in project marketing services of approximately S\$38.0 million.

“The main drivers that spurred sales in the primary residential market and supported prices in 2020 have continued to support the market in 1Q2021. These factors include the ample liquidity in the market, low interest rates, and rising optimism. We are expecting



buyer interest to carry through for both the new and resale private homes, as economic recovery gains traction and market sentiments recover,” added Mr Gafoor.

PropNex remained debt free, and its balance sheet remained robust with cash and cash equivalents of S\$118.9 million as at 31 March 2021, compared to S\$105.8 million as at 31 December 2020.

PropNex - The Largest Real Estate Agency in Singapore with 9,373 salespersons

PropNex is well on its way to attaining its goal of having 10,000 salespersons by 2022. It saw a growth of 12.6% in the number of salespersons from 8,324 as at 1 January 2020 to 9,373 as at 3 May 2021. This is largely attributable to PropNex’s proven training programmes, proprietary technological platforms, and large-scale customers’ events such as Virtual Webinars and Property Shows. These have resulted in the Group’s ability in attracting both experienced and new salespersons to join PropNex.

Heightened Covid-19 Safety Measures

During the circuit breaker period, PropNex was widely seen as a first mover when it spearheaded initiatives such as online consumer seminars, online training for salespersons and two large-scale virtual property expositions in the course of 2020. The Group quickly embraced digital technologies to ensure business continuity and effectively trained its salespersons to conduct business amid an unprecedented environment.

As such, despite the stepped-up Covid-19 safety measures which took effect from 8 May 2021, it will be business-as-usual for PropNex’s salesforce given that they have been trained to operate and connect with customers through the effective use of virtual and digital platforms.

PropNex Expects Resilient Property Market in 2021 Despite Possibility of Cooling Measures

Singapore’s private residential property prices were up by 3.3% in 1Q2021, steeper than the 2.1% growth in 4Q2020. This translated to an increase of 5.4% in private home prices over a six-month period. This raised some concerns about another round of cooling measures.

However, PropNex holds the view that the real estate market is expected to remain resilient for the rest of the year. The possible onset of new cooling measures will not hugely impact volume of transactions largely because of the dwindling supply of new private homes from 36,839 units in 1Q2019 to 21,602 units in 1Q2021. As with the previous set of cooling measures imposed in July 2018, there could be an initial “knee-jerk” reaction with a slowdown in volume of transactions for the two months immediately after cooling measures take effect. After which, homebuyers come around with a better understanding of the impact of the cooling measures and the market is expected to pick up again.

Acquisition of Ovvv – The People Marketplace

The Group had taken 70% interest in Ovvv – The People Marketplace, a technology platform that connects service providers to consumers. This acquisition expanded the Group’s foray into proptech, through the provision of an additional technology platform for PropNex salespersons to render further value-added real estate services to better serve our clients.

PropNex salespersons can provide a more holistic support for their clients, landlords, tenants and home investors especially on the after-service care and maintenance of their clients’ investments. Through technology, we intend to stay ahead of the curve in terms of innovation and transform the digital landscape in the real estate industry for the betterment of our salesforce.

Market Outlook

Based on data from the Urban Redevelopment Authority, developers sold a total of 3,493 new private homes in the first quarter of 2021, an increase of 62.5%. This pared down the number of unsold units, from 24,296 units in 4Q2020 to 21,602 units as at 1Q2021. With a tighter supply of unsold units, particularly in the mass market, the Group expects home prices to stay relatively resilient amid healthy demand.

Resale private homes also saw strong demand, as transactions more than doubled to 4,519 units in 1Q2021 from 2,080 units in 1Q2020. This also marked the highest number of resale private units sold in a quarter since 2Q2018 when 4,700 units changed hands. In recent months, resale prices have trended upwards, driven by the strong demand and also taking a cue from the firm prices in the new launch segment and the recovery in HDB resale prices.

For the full year of 2021, the Group is projecting private home prices to rise by 6% to 7%, largely underpinned by new property development launches. Barring any new cooling measures, PropNex expects more than 10,000 new private homes to be sold in 2021. Meanwhile, the private resale market is also expected to remain relatively buoyant and the Group anticipates resale volume to be over 12,000 units this year.

Demand for HDB resale flats remained healthy with a 3.0% increase in resale prices in 1Q2021. The more positive economic outlook, delays in the completion of new Build-to-Order flats, and generous housing grants for first-time buyers of resale flats are factors that contributed to the demand in the HDB resale market, which in turn helped to push prices higher. Demand remains strong for choice HDB resale units.



PropNex expects HDB resale prices to rise by 6% to 7% in 2021 and volume to hit 26,000 units based on 1Q2021 of 7,581 units transacted, a 28.6% increase compared to 5,893 units transacted in 1Q2020.

About PropNex Limited

PropNex Limited is Singapore's largest listed real estate agency with over 9,373 (as at 3 May 2021) 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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