

PROPNE X'S 2Q2021 NET PROFIT AFTER TAX GREW 135% TO S\$18.2 MILLION

- Declares interim dividend of 5.5 Singapore cents per share
- Revenue grew 147% to S\$260.5 million
- Debt-free, strong cash position of S\$120.7 million
- Extends regional footprint to Cambodia via master franchise

Financial Highlights of the Group

S\$'000	2Q2021	2Q2020	% Change	1H2021	1H2020	% Change
Revenue	260,479	105,380	147.2	481,057	240,446	100.1
Gross Profit	27,837	12,327	125.8	51,114	27,162	88.2
PBT	22,028	9,031	143.9	41,403	18,906	119.0
NPAT	18,184	7,756	134.5	34,364	15,980	115.0
EPS (in cents)	4.46	1.96	127.6	8.47	4.01	111.2

Singapore, 11 August 2021 – PropNex Limited (“**PropNex**”, or the “**Company**”, and together with its subsidiaries, the “**Group**”), Singapore’s largest listed real estate agency, today reported a jump in net profit after tax (“**NPAT**”) of 134.5% year-on-year to S\$18.2 million for the second quarter ended 30 June 2021 (“**2Q2021**”), on the back of a 147.2% growth in revenue over the same comparative period.

The strong growth in both the top and bottom lines was a result of higher number of transactions completed in 2Q2021 following improvements in both the Covid-19 situation and the economy. Despite the tightened measures under the Phase 2 (Heightened Alert) (“**P2HA**”) which disrupted developers’ launch activities and property viewings in the resale market in the second quarter, transaction volumes remained healthy. According to data from the Urban Redevelopment Authority and the Housing



and Development Board, overall private home prices rose for the fifth consecutive quarter and the HDB 2Q2021 resale price index is just 2% below its peak in 2Q2013.

As a dominant market player in private new launches and public housing, the Group transacted the most units in the second quarter among competing marketing agencies appointed by developers for most of the projects previously launched.

The Board has declared an interim dividend of 5.5 Singapore cents, representing an annualised yield of 5.9% on the price of S\$1.85 per share on 3 August 2021. The dividend underscores the Board's confidence in the prospects of the Group, and demonstrates PropNex's commitment to creating long-term value for its shareholders.

Mr. Ismail Gafoor, co-founder, Executive Chairman and CEO of PropNex, said, "We are encouraged by the solid results for the first half of the year as we continue to invest in technology and growth initiatives to better serve our clients. Given the strength of our brand, we are poised to benefit from a growing global economy."

"The residential market has held up well amid the tighter safe management measures under the P2HA in May and June. Transaction volumes remained relatively healthy across all market segments, buoyed by optimism in the outlook for the Singapore economy and the relatively low interest rate environment. The effects of the tightened measures were mitigated, as the PropNex salesforce was well-equipped to continue consumer outreach efforts during this period through virtual and digital platforms. As a result, we were able to deliver strong growth momentum in this second quarter, enabling us to declare an interim dividend of 5.5 Singapore cents, our highest since listing."



For the six months ended 30 June 2021 (“1H2021”), revenue doubled to S\$481.1 million from S\$240.4 million in the year ago period (“1H2020”). NPAT for 1H2021 grew 115.0% to S\$34.4 million, from approximately S\$16.0 million previously. This was mainly driven by the increase in commission income from agency services and project marketing services.

The Group continued to be debt free and its balance sheet remained robust with cash and cash equivalents of S\$120.7 million as at 30 June 2021, compared to S\$99.7 million as at 30 June 2020.

Expanding Brand Presence in Cambodia

Fueled by its desire to be a leading regional real estate agency, the Group is constantly on the lookout to expand its regional footprint. On 19 May 2021, PropNex announced an expansion into its fourth overseas market, Cambodia, bringing its total salesforce to over 12,000 regionally, across five countries – Singapore, Cambodia, Indonesia, Malaysia and Vietnam.

PropNex Cambodia marked a solid start, having cemented collaborations with reputable developers, such as Urban Village by Hong Kong developer Urban Hub (Cambodia) Co. and D’Seaview by Hong Lai Huat Group Limited. It currently has a salesforce of close to 500 salespersons with headquarters in Phnom Penh and branch offices in Siem Reap and Sihanoukville.

Market Outlook

The Singapore residential market has proven to be resilient. Barring unforeseen circumstances, home sales across all segments (private new home, private resale and HDB resale) in 2021 are expected to outperform 2020.

The current pandemic situation and the re-introduction of P2HA may pose some uncertainty for developers in terms of launch activities over the next quarter, but PropNex does not expect it to put a dent on home demand nor impact prices significantly. The healthy demand for homes will continue to support prices, amid the gradual economic recovery and positive market outlook.

For the private residential market, the Group is projecting a total of 11,000 to 12,000 new homes (excluding ECs) and expecting 16,000 resale units to be transacted for the whole of 2021, an increase from the 9,982 new homes and 10,729 resale properties transacted in 2020. In terms of prices, PropNex is forecasting that overall private home prices will see an increase of 6% - 7%. Additionally, the dwindling unsold stock of new units will contribute to price stability.

PropNex has been appointed for another 15 projects to be rolled out in the second half of 2021, with an anticipated line-up of 3,718 units.

On the public housing front, the Group is projecting overall HDB resale volume to exceed 26,000 units in 2021, following the 14,644 resale flats that were transacted in the first half of the year. Strong demand for resale flats can be attributed to the delay in the completion of new BTO flats, improved consumer confidence, and an optimistic economic outlook. Meanwhile, prices have climbed 6% in 1H2021, and expected to increase by 10% - 11% for the whole for 2021. The higher HDB resale prices may motivate flat owners to sell their flats to recycle capital to purchase a private home, and also nudge buyers to enter the market sooner rather than risking higher prices further down the road. Additionally, an estimated bumper crop of over 25,500 HDB flats are due to exit their 5-year Minimum Occupation Period this year, making them eligible to be sold on the resale market.



“With over 9,500 salespersons in Singapore, PropNex remains the preferred real estate agency for career development among new and experienced salespersons, underpinned by our strong network and support systems, advanced IT platforms and proprietary training programmes. We are well on track to achieving our target of 10,000 salespersons by 2022, fortifying our position as Singapore’s largest real estate agency. This will enable us to enjoy greater economies of scale and to capture a larger market share,” added Mr Gafoor.

About PropNex Limited

PropNex Limited is Singapore’s largest listed group with over 9,540 (as at 1 Aug 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 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 already has presence in Cambodia, Indonesia, Malaysia and Vietnam.

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

For more information, please visit www.propnex.com

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