

## PROPNE X POSTED NET PROFIT AFTER TAX OF S\$14.9 MILLION FOR 1Q2022

- Registered revenue of S\$241.6 million for the quarter
- Remained debt-free with cash position of S\$162.0 million
- Investing in our human capital - increased headcount in salesforce and management team
- New proptech tool – *PropNex Investment Suite* app for PropNex salespersons
- Launched Chinese website version of PropNex’s official website to offer comprehensive bilingual content to consumers and salespersons

### Financial Highlights of the Group

S\$'000	1Q2022	1Q2021	% Change
Revenue	241,629	220,578	9.5
Gross Profit	24,117	23,277	3.6
PBT	17,976	19,375	(7.2)
NPAT	14,862	16,180	(8.1)
PATMI	13,915	14,825	(6.1)
EPS (in cents)	3.76	4.01	(6.2)

**Singapore, 11 May 2022** – PropNex Limited (“**PropNex**”, or the “**Company**”, and together with its subsidiaries, the “**Group**”), Singapore’s largest listed real estate agency, today reported a net profit after tax (“**NPAT**”) of S\$14.9 million on revenue of S\$241.6 million for the first quarter ended 31 March 2022 (“**1Q2022**”).

Revenue increased 9.5% to S\$241.6 million in 1Q2022 from S\$220.6 million in the previous corresponding period (“**1Q2021**”), due to higher commission income from agency services, which was partially offset by a decrease in commission income from project marketing services. Revenue from commission income from agency services grew 21.1% or approximately S\$25.7 million year-on-year (“**YoY**”) to S\$147.4 million in

1Q2022. Meanwhile, revenue from commission income from project marketing services dipped slightly by 4.9% from \$98.3 million to S\$93.5 million YoY.

On 16 December 2021, the government implemented the latest round of cooling measures targeted at private residential and HDB resale markets, following the exuberance of the Singapore property market in 2021. The sentiment had been fuelled by several factors, including ample liquidity in the market, attractive housing projects and optimism arising from pandemic recovery, amongst others.

According to data from the Urban Redevelopment Authority (“**URA**”) and Housing and Development Board (“**HDB**”), both private residential and HDB resale flat prices posted slower growth in 1Q2022. The impact of the new cooling measures, growing uncertainties arising from the Russian-Ukraine war, concerns over rising inflation and interest rates dampened sentiment, and limited new launches and the seasonal lull reined in sales volumes. Developers sold 1,825 new private homes (excluding Executive Condominiums) in 1Q2022 while 3,377 residential properties were transacted in the private resale market. 1Q2022 sales were substantially lower than the 3,018 new homes and 4,748 resale homes transacted in 4Q2021.

**Mr. Ismail Gafoor, co-founder, Executive Chairman and CEO of PropNex**, said: “The slower price growth and pullback in sales volumes in 1Q2022 was due to the December 2021 cooling measures amidst growing geopolitical uncertainties and concerns over rising inflation and interest rates which in turn softened sentiment. This was coupled with the disruption of sales viewings during the Lunar New Year period and the Omicron wave then, where we observed that developers put out fewer new launches in the first quarter.

However, with prices climbing at a more measured pace in the first quarter, it also paves the way for a more sustainable overall price growth in 2022. Despite the modest performance in the private housing and HDB resale markets, PropNex remains committed to fostering closer engagement with our consumers and empowering our PropNex salespersons with the relevant knowledge to guide their clients to make informed decisions in buying or selling properties. This past quarter, we launched the Chinese interface for our website and the *PropNex Investment Suite* app to further boost the overall purchasing experience.

As a market leader in the real estate industry and the preferred real estate agency for career development among new and experienced salespersons, we hope that our salespersons and consumers will find these helpful in their property journey.”

The Group remained debt free with a robust balance sheet with cash and cash equivalents of S\$162.0 million as at 31 March 2022, compared to S\$145.6 million as at 31 December 2021.

### **Investing in Human Capital: Maintaining Foothold as the Largest Real Estate Agency in Singapore**

PropNex is well on its way to attaining its goal of having 12,000 salespersons by end 2022. It saw a growth of 26.4% in the number of salespersons from 8,918 as at 1 January 2021 to 11,268 as at 11 April 2022. This is largely attributable to PropNex’s proven training programmes, proprietary technology platforms and large-scale customers’ events such as Virtual Webinars and Property Shows. These have culminated in the Group’s ability in attracting both experienced and new salespersons to join PropNex. In addition, the Group had recruited a team of management staff to support this increased salesforce.

## **Chinese Language website interface to empower more agents and Mandarin-speaking clientele**

In March 2022, PropNex launched the Chinese version of PropNex’s official website – a move to offer comprehensive bilingual content to both its consumers and salespersons. PropNex is the first real estate agency in Singapore to set up a full-fledged Chinese language real estate website that provides property listings and insights of the local property market. It is also ramping up content creation on Chinese social media platforms such as WeChat (@博纳产业 PropNex), to expand its reach to the mainland Chinese audience and offer Mandarin-speaking users more local real estate content on the platform.

The move to provide up-to-date and extensive bilingual content demonstrates PropNex’s commitment to better engage and support the needs of Mandarin-speaking locals and foreign investors. With the launch of the Chinese website and push for more Chinese digital content, PropNex aims to help Mandarin-speaking clients gain deeper knowledge of Singapore’s property market and empower them to make well-informed and sound decisions when they buy or sell properties.

## **Exclusive PropTech Tool - Investment Suite App as Data Analysis Tool for PropNex agents**

As a champion of salespersons’ education and empowerment, PropNex rolled out the *PropNex Investment Suite* app for its salespersons in to equip them with a property data analytical tool as well as the relevant knowledge of the real estate market. The *PropNex Investment Suite* app has five features – latest property market updates; property news and insightful reports; latest bank rates; property analysis; and trend research. This proptech initiative future-proofs our business as it aims to improve productivity and efficiency of our salespersons, enabling them to advise their clients on the latest market trends and make their clients’ real estate journey more seamless.

## **Market Outlook**

The private residential market got off to a slow start in 2022 after what was an exhilarating performance in 2021. The cooling measures have tamed price growth in 1Q2022 to a more sustainable pace. Overall private home prices climbed for the eighth straight quarter in 1Q2022, inching up by 0.7% quarter-on-quarter (“QoQ”) – sharply lower than the 5.0% QoQ growth in the previous quarter. This is the slowest pace of quarterly price increase since 2Q2020 where private home values climbed by 0.3% QoQ, due to the emergence of COVID-19.

Transaction volume has softened in 1Q2022, as the Chinese New Year festivities and the Omicron wave disrupted viewings and sales activities during the quarter. Some buyers could have also adopted a wait-and-see approach and held back on property purchases to monitor the impact of the cooling measures introduced in December 2021. In addition, the level of uncertainties rose substantially in 1Q2022, with the escalation of the Russia-Ukraine conflict, which will likely exacerbate inflation woes and the global supply chain disruption. These uncertainties could also have weighed on market sentiment and buying interest during the quarter. Another downside factor is rising interest rates, where steeper borrowing costs may negatively impact sales.

Notwithstanding these risks, we expect the private housing market to remain fairly resilient this year and prices could grow by 3% to 5% in 2022, as reflected in the 0.7% price increase in 1Q2022 and higher new launch prices expected in subsequent quarters. Singaporeans continued to form the bulk of private housing demand in 1Q2022, accounting for 82.8% of non-landed private new sales and 75.8% of non-landed private resale transactions.

For the full year 2022, the Company expects that HDB resale prices could rise by 6% to 8%, while transaction volume could come in at around 28,000 to 29,000, as cooling



measures temper the buoyant market sentiment and buyers become more resistant to higher prices.

### **About PropNex Limited**

PropNex Limited is Singapore's largest listed real estate agency with 11,268\* sales professionals (\*as at 11 April 2022 available on Council of Estate Agencies website). 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](http://www.propnex.com)

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ISSUED ON BEHALF OF	:	PropNex Limited
BY	:	Citigate Dewe Rogerson Singapore Pte Ltd
CONTACT	:	Ms Foo Yiting / Ms Valencia Wong
TELEPHONE	:	6534-5122
EMAIL	:	<a href="mailto:PropNex@citigatedewerogerson.com">PropNex@citigatedewerogerson.com</a>

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