



PROPnex ACHIEVES RECORD NET PROFIT OF S\$21.9 MILLION IN FY 2018

- Revenue of Singapore's largest listed real estate agency surges 30.0% to S\$431.5 million
- Singapore's salesforce expanded 12.4% to 7,513-strong*, up from 6,684 in 1 January 2018 (* as at 24 Feb 2019)
- Proposes final and special dividends amounting to 3.5 cents per share, representing a payout of 66.7% of profit after tax and non-controlling interest (PATANCI)
- Introduces HDB Auction service, another industry-first

Financial Highlights of the Group:

S\$'000	4Q 2018	4Q 2017	% Change	FY 2018	FY 2017	% Change
Revenue	82,999	99,310	(16.4)	431,539	331,851	30.0
Gross Profit	7,716	10,171	(24.1)	41,362	33,755	22.5
Net Profit After Tax (NPAT)	1,874	5,141	(63.5)	21,937	18,886	16.2
NPAT excl IPO expenses	-	-	-	23,050	18,886	22.0
PATANCI	1,830	4,326	(57.7)	19,412	16,273	19.3
EPS (in cents)	0.49	1.41	(65.2)	5.72	5.30	7.9

Singapore, 25 February 2019 – Singapore-listed PropNex Limited (“**PropNex**”, or the “**Company**”, and together with its subsidiaries, the “**Group**”), Singapore’s largest home-grown real estate agency, achieved a record performance in 2018 despite the implementation of cooling measures and interest rate hikes in the second half of the year.



The Group registered a 16.2% increase in net profit (inclusive of minority interest) (“**NPAT**”) to S\$21.9 million for the full year ended 31 December 2018 (“**FY 2018**”), up from S\$18.9 million for the year ended 31 December 2017 (“**FY 2017**”). Excluding a one-off Initial Public Offering (“**IPO**”) expenses of S\$1.1 million in FY 2018, the Group would have registered a NPAT of approximately S\$23.1 million, representing an increase of 22.0% from FY 2017.

These earnings were achieved on the back of a 30.0% surge in revenue from S\$331.9 million in FY 2017 to S\$431.5 million in FY 2018. The increase in revenue was mainly attributed to increase in commission income from agency services and project marketing services, arising from the increase in salesforce from 6,684 as at 1 January 2018 to 7,513 as at 24 February 2019.

Commission income from agency services increased 42.1% from S\$216.6 million in FY 2017 to S\$307.8 million in FY 2018, while commission income from project marketing services increased 6.8%, from S\$109.8 million to S\$117.3 million in the same period.

For the three months ended 31 December 2018 (“**4Q 2018**”), PropNex achieved a revenue of S\$83.0 million, down 16.4% from S\$99.3 million in the previous corresponding period (“**4Q 2017**”). The main cause of this decrease is the drop in the number of units transacted in 3Q2018 following the introduction of additional cooling measures in July 2018. As revenue recognition usually happens two to three months after booking a sale transaction, due to the time lag required to process the various sales related documents, the impact of the decrease in volume of units transacted in 3Q2018 will only be reflected as a decrease in revenue in 4Q2018.



Balance Sheet Remains Healthy

The Group's balance sheet remains healthy with cash and cash equivalents of S\$75.6 million as at 31 December 2018, an increase of S\$48.0 million as compared to S\$27.6 million as at 31 December 2017. This was largely due to the net proceeds of S\$38.3 million from the IPO. The Group does not have any gearing.

Mr Ismail Gafoor, co-founder, Executive Chairman and CEO of PropNex Limited, commented: "In 2018 we achieved record revenue and earnings despite cooling measures being implemented in the second half of the year. For the year, PropNex delivered double-digit revenue growth and also achieved the highest earnings in the firm's history. As the largest real estate agency in Singapore today, we are well positioned to support an even larger network of customers. With the opportunities ahead, PropNex will continue to make focused investments in talent and infrastructure needed to bring exceptional experiences to our customers."

Final Dividend and Special Dividend

The Board has proposed a final dividend of 1.5 cents per share and a special dividend of 2.0 cents per share for approval at the upcoming Annual General Meeting. This brings the Group's total payout of 3.5 cents per share, amounting to S\$12.95 million which represents 66.7% of the Group's PATANCI for FY 2018.

At the time of the Group's IPO, the Group had announced its intention to recommend and distribute dividends of at least 50% of profit attributable to the owners of the Company for the period from PropNex's listing to 31 December 2018, and for 2019. Hence, the total proposed dividend of 3.5 cents represents 143% of our post listing profits and a yield of 6.3% at 56 cents per share as at 22 February 2019. This also translates to an annualised dividend yield of 10.8% based on the IPO price of 65 cents.

"We remain committed to sharpening our focus on growth and efficiency, and to further build on the strengths of the PropNex brand and reputation in the marketplace. We are



driven to build a sustainable business over the long term, and aim to deliver attractive returns to shareholders.”

Maintaining Stronghold with over 7,500 salespersons

According to the Council for Estate Agencies (“**CEA**”), PropNex is the largest listed real estate agency in Singapore with 7,513 salespersons as at 24 February 2019. This reflects an increase of 829 sales agents or a 12.4% increase from 1 January 2018. These new entrants included 11 team leaders from other real estate agencies. The Group’s robust trainings, development programmes and strong culture of sharing have contributed to the growth in size, productivity of PropNex’s salesforce and appeal to new and experienced salespersons. With a larger salesforce, the agency stands to capture more market share and greater strength in marketing major local and international projects through its wider outreach to consumers.

Further Strengthening Foothold as Singapore’s Largest Listed Real Estate Agency

Our agency arm, PropNex Realty Pte. Ltd. (“**PropNex Realty**”), has entered into a strategic collaboration with Global Alliance Property Pte. Ltd (“**GAP**”) (which operates under the Century 21 franchise). This strategic collaboration allows GAP salespersons to cross-over to PropNex Realty, further strengthening the Group’s position as Singapore’s Number 1 largest listed real estate agency currently with 7,513 salespersons (as at 24 February 2019).

Strengthened Market Leadership in New Launches

In FY 2018, PropNex was involved in 31 project launches in 2018, of which 26 were new launches and 5 were appointed after the initial launch. The Group managed to close the highest number of units in 21 of these 26 launches, against other joint marketing agencies. Notably, these include, Whistler Grand, 3 Cuscaden, Belgravia Green, Kent Ridge Residences, Parc Esta and Mayfair among others.



For 2019, PropNex has been appointed for 37 projects to date, with approximately 16,000 units to be launched, reinforcing the confidence and trust that developers have in the ability of the Group's salesforce. Additionally, the line-up of government land bids and collective sales sites secured by developers in prior years provide an added avenue of opportunities for PropNex in the primary private segment.

Expanding Regional presence

In FY 2018, the Group further expanded its overseas operations to Malaysia and Vietnam in March and August, respectively. To date, the Group has approximately 1300 salespersons across its three overseas markets of Indonesia, Malaysia and Vietnam. The Group currently has approximately 1,000 salespersons across 19 offices in Indonesia, 200 salespersons across 3 offices in Malaysia, and an office in Ho Chi Minh City with 100 salespersons.

Pioneering Another Industry First – HDB Auction

PropNex Realty, Singapore's largest home grown listed real estate agency, launched yet another industry-first service offering – HDB Auction.

Through HDB Auction, PropNex provides HDB owners an alternative option to market their public housing units. Based on HDB's statistics, there are over 1 million HDB owners in Singapore and 22,000 to 23,000 HDB resale transactions respectively in 2017 and 2018, we are confident that the HDB Auction will open up an additional platform for the public housing sellers to secure the right buyers.

“As PropNex has over 40%¹ market share in public housing with more than 10,000¹ transactions concluded last year, there is already a good network of salespersons who are assisting HDB upgraders and homeowners and this offers a value-added service for our clients. HDB Auction allows greater transparency in the final price concluded for

¹ Based on the number of HDB resale transactions closed by the Group and the total number transactions as per HDB resale statistics for 2018



properties and this is especially vital for cases where owners are in conflict or there is a lack of trust and communication such as divorce cases. For property under estates where trustees are to discharge their duties in selling their HDB property at the highest prices with transparency, our newly introduced auction will be able to help these instances too. Additionally, based on our research, there will be a total of 30,000 HDB flats that would have fulfilled the Minimum Occupation Period (MOP) in 2019 compared to an average of 10,000 units in the last 10 years,” remarked Mr Ismail.

The first HDB Auction that will take place will be on 5 April 2019, 2.30pm at PropNex office on Level 10, HDB Hub East Wing.

Market Outlook

With the cooling measures introduced in July 2018, according to data published by URA, the overall private residential market (new sales, resale and sub-sales) recorded a transactional volume of 22,139 compared to 25,010 in 2017, a drop of 11.5% compared year-on-year. Despite the cooling measures, the Company is of the view that the private property market segment in 2019 is expected to remain active as there is an estimated line-up of over 50 new launches based on projects scheduled to be launched by developers. This will provide a constant stream of new homes.

The Group expects the demand for private residential market in 2019 to be similar to 2018, attributed by the demand from en bloc owners who have collected their proceeds and in the continued search for their replacement homes.

On the public housing front, the HDB resale market is reflecting continuous demand with the transactional volume totaling 23,099 units in 2018, a 4.6% (y-o-y) increase compared to 2017 of 22,077 resale flats transacted and the highest since 2013. We expect that transactions for the public housing resale segment to witness consistent growth.



About PropNex Limited

PropNex Limited is Singapore's largest listed group with over 7,500 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 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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