PROPNEX LIMITED
(Company Registration No.: 201801373N)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING TO BE HELD ON 23 APRIL 2024
RESPONSES TO SHAREHOLDERS' QUESTIONS

The Board of Directors (the "**Board**") of PropNex Limited (the "**Company**" or together with its subsidiaries, the "**Group**") would like to thank the shareholders of the Company ("**Shareholders**") for submitting their questions in advance of the Annual General Meeting to be held at 480 Lorong 6 Toa Payoh, #18-01 HDB Hub, Singapore 310480 on Tuesday, 23 April 2024 at 10.00 a.m. (Singapore time).

The followings are the Company's responses to the corresponding questions from the Shareholders:

Question 1

(a) Revenues have substantially come off this year. Do you see this as signs of a renewed normal given that what was driving the business in rentals and sales of homes might have been because of COVID? What I am asking is whether there is still room to grow revenues given the highs that were achieved in the past few years?

(b) Can you share more about where these opportunities for growth might be?

Company's Response

Our salesforce is the largest comprising over 30% of all real estate salespersons in Singapore. This strong network, along with proven higher salespersons' productivity, cemented our market leadership with overall market share of 62.5% for HDB Resale, Private Resale and New Launches in 2023. Further breakdown of our market share by property segments as disclosed on page 2 of the Annual Report is as follows:

1. New Launches: 47.9%
2. Private Resale: 65.8%
3. HDB Resale: 64.7%
4. Landed Resale: 49.7%

To strengthen our market position and capture growth opportunities, we plan to expand our salesforce of 12,326 salespersons (as of 15 March 2024) to 15,000 by 2026 and also step up our information technology development and training programmes to further enhance organisation-wide productivity. Also, we will continue to strive to increase our market share in each of the above property segments.

There are opportunities for growth as demand for real estate in Singapore is generally enduring, where owning a property is deemed as a necessity for housing accommodation and also as an attractive asset class for wealth preservation and/or enhancement. There have been encouraging signs of improving buying sentiments in 2024 with the stabilisation in the local real estate market. The rekindling of buyers' interest is supported by the potential moderation of interest rates, prospects for improvement in the Singapore economy, and upcoming new property launches, particularly if developers price projects sensitively.

Question 2
Your strategy has been quite simple to understand, i.e., grow salespersons to 15,000 and consequently grow the share of commissions in the market. It seems that you are on track to reach there by 2025. What would be the new goals, after reaching the 15,000 salespersons?

Company's Response
The Group aims to expand its salesforce to 15,000 by 2026 and grow our market share in each of the property segment. The enlarged salesforce will facilitate a strong database of real-time listings and transaction prices, providing powerful information for us to attract more salespersons. In parallel to this, our strategy is also to enhance the competencies and knowledge of our salespersons on a sustained basis with information technology development and training programmes. This will enable us to enhance organisation-wide productivity and continue to ensure a high-performing salesforce.

Moving forward, future-proofing the Group is one of the key goals as well as our long-term vision. With the recent launch of our leadership masterplan, we have built an experienced management team with a synergistic mindset, which has allowed the Group to strengthen organisational nimbleness and build market relevance in a landscape fraught with evolving regulations and prop-tech disruptions. We will also continue to prioritise the welfare of our salespersons as well as to raise professionalism in the sector through our union.

We also plan to grow our regional exposure beyond Singapore and increase our market share in other property segments such as commercial, industrial and office space.

Question 3
As Singapore reaches a population plateau and longer term demographic changes (such as fertility rates dropping below 1), which may consequently lead to a lower number of new launches, what are the long-term safeguards to your business?

Company's Response
Demand for real estate in Singapore is generally enduring as owning a property is deemed as a necessity for housing accommodation and also as an attractive asset class for wealth preservation and/or enhancement.

In addition, the Group's business is well-diversified across various property segments from private residential and public housing to commercial and industrial properties and rental transactions. This broadens our revenue base and mitigates risks arising from a single segment. For example, Project Marketing accounted for 29% of the Group's revenue in FY2023, whilst 71% was from other property segments. Rentals business is highly resilient as it is a recurring revenue for us when rentals are renewed. Please refer to page 2 of our Annual Report 2023 for a breakdown of the Group's revenue from various property segments.

The Group also continues to explore opportunities to expand the PropNex brand to overseas markets in Asia Pacific. As of FY2023, we have 23 regional offices in Indonesia, Malaysia, Vietnam, Cambodia and Australia.

Question 4
As stated in the Chairman's Message, the Group has representations in a few countries outside Singapore (Indonesia, Vietnam, Cambodia and Australia) as well as a full subsidiary in Malaysia (page 5 of the Annual Report). Is there any revenue from these overseas sites? Can we have a breakdown by country if possible?

Company's Response
The Group's presence in Indonesia, Malaysia, Vietnam, Cambodia and Australia is by way of franchise agreements and the Group derives royalty income from these franchisees. Currently, royalty income is not significant to the Group's financial performance.

The subsidiary in Malaysia, PropNex International Sdn Bhd. ("**PropNex Malaysia**"), is held through our 71.8%-owned subsidiary, PropNex International Pte. Ltd. The Group's effective interest in PropNex Malaysia is 71.8%. PropNex Malaysia is dormant and does not contribute to the Group's revenue.

Question 5
What is the market outlook for 2024 and how will this affect PropNex?

Company's Response
Based on the latest flash estimates released by the Urban Redevelopment Authority ("**URA**") and Housing and Development Board ("**HDB**") on 1 April 2024[1], the Group expects private home prices to rise more moderately by 4% to 5% in 2024, with sales of new private homes to range between 7,000 to 7,500 units (excluding Executive Condominiums), and private resale homes between 13,000 to 14,000 units. The HDB resale market is expected to remain stable with resale prices projected to rise at 5% to 6% for 2024 and resale volume to range between 26,000 to 27,000 units.

Barring any unforeseen circumstances, we are cautiously optimistic about the property outlook in 2024 in view of the more stable property market, which is further supported by the potential moderation of interest rates, prospects for improvement in the Singapore economy, and upcoming supply of new property launches.

By Order of the Board

Lee Li Huang
Chief Financial Officer and Company Secretary
17 April 2024

[1] https://www.propnex.com/news-details/7741/flash-estimates-growth-in-private-home-prices-slowed-in-q1-2024-amid-weaker-sales-volume-hdb-resale-flat-prices-found-renewed-strength-as-transactions-picked-up