

PROPnex'S 1H2020 NET PROFIT SURGES 151% TO S\$16.0 MILLION

- Declares interim dividend of 1.5 Singapore cents per share
- Revenue grows 45% to S\$241.5 million from S\$166.3 million
- Debt-free with strong cash position of close to S\$100 million
- Two-day PropNex Virtual Property Expo draws more than 30,000 viewers
- Hires Head of Research & Content to add bench strength to management team

Financial Highlights of the Group

S\$'000	2Q2020	2Q2019	% Change	1H2020	1H2019	% Change
Revenue	105,931	92,093	15.0	241,547	166,303	45.2
Gross Profit	12,573	9,060	38.8	27,640	16,264	69.9
PBT	9,336	4,861	92.1	19,279	7,624	152.9
NPAT	7,756	4,038	92.1	15,980	6,374	150.7
PATMI	7,263	3,704	96.1	14,839	5,704	160.2
EPS (in cents)	1.96	1.00	96.1	4.01	1.54	160.2

Singapore, 12 August 2020 – PropNex Limited (“**PropNex**”, or the “**Company**”, and together with its subsidiaries, the “**Group**”), Singapore’s largest listed real estate agency, today reported a robust 150.7% growth in net profit after tax (“NPAT”) for the half year ended 30 June 2020 (“1H2020”) to S\$16.0 million, up from S\$6.4 million in the year ago period. This was achieved on the back of a 45.2% surge in revenue over the same comparative period.

Additionally, the Board has declared an interim dividend of 1.5 Singapore cents, despite the tough operating environment brought about by the COVID-19 pandemic. The

dividend payout underlines the Board's confidence in the long-term prospects of the Group.

For the six months ended 30 June 2020, revenue increased by approximately S\$75.2 million or 45.2%, from S\$166.3 million in 1H2019. This was mainly due to the increase in commission income from project marketing services of approximately S\$75.1 million driven by higher number of transactions completed in 1H2020, following the recovery of the private residential market from the property cooling measures of July 2018.

For the three months ended 30 June 2020 ("2Q2020"), the Group saw a 15.0% year-on-year growth in topline to S\$105.9 million, and a 92.1% growth in NPAT to S\$7.8 million over the same comparative period.

The Group's balance sheet strengthened with an increase of S\$18.1 million in cash and cash equivalents, up from S\$81.6 million as at 31 December 2019 to S\$99.7 million as at 30 June 2020. Please note that this cash balance will be reduced by the delayed payment of the 2019 final and special dividends, paid in July 2020, caused by delays in scheduling the annual general meeting in 2020 to approve the dividend payments. The cash balance will decrease further after the interim dividend payment of 1.5 cents to reward our shareholders for their support in these uncertain times following on our sterling 1H2020 results. Even after these payments, the cash balance will remain financially strong.

The circuit breaker imposed by the Singapore Government from 7 April to 1 June has disrupted market activities and snapped the growth momentum in the property market in April and May, after a positive first quarter. This largely affected the sales volume for 2Q2020. Based on URA data, 2,664 private residential properties were sold in 2Q2020, representing a 37.6% decline from the 4,269 private homes sold in 1Q2020.

However, the Group believes that with developers set to roll out more projects with competitive prices over the next few months, private new home sales might see the post circuit breaker sales momentum to pick up for the remaining of the year. While the economic downturn could lead to some buyers postponing their buying decision, the Group believes that low interest rates and fiscal policy measures supporting businesses and individuals will broadly lend support to housing demand and underpin sales. Projects located Outside Central Region such as Treasure At Tampines, Parc Clematis, and The Florence Residences performed well in 2Q2020 and appeared to be steadily transacting units while keeping prices fairly stable.

Despite the safe distancing measures and mass gathering restrictions in 2Q2020, which resulted in closure of showflats, PropNex managed to further entrench itself as the market leader, capturing approximately 53% market share for closing 1,369 units in the new launches segment, based on 63 active projects that the Group was marketing since the beginning of the circuit breaker to 31 July 2020. The Group transacted the most units in the quarter among competing marketing agencies appointed by developers for most of the projects that were launched.

New Launch transactions by PropNex during COVID-19



*New Launch Sales figures from 6 April to 31 July 2020

Mr. Ismail Gafoore, co-founder, Executive Chairman and CEO of PropNex, said, “We are delighted to have achieved a solid set of results with strong year-on-year growth despite the tough operating conditions brought on by the COVID-19 pandemic. This has enabled us to declare an interim dividend of 1.5 Singapore cents, an increase from last year’s amount. During these unprecedented times, PropNex has remained steadfast in using all its resources to support our colleagues, salespersons, customers and the community. We also remain invested in technology and innovation which will allow us to grow and better serve our customers.”

“The residential property market held up well in the face of crisis, testament to the resilience of the market, which in our view entered the crisis with strong fundamentals. This was largely due to the various property measures implemented over the years which have served to curb over-exuberance in the market. Our market leadership position in the new launches segment held steady despite the challenges brought about by the COVID-19 pandemic. As the economy began a gradual reopening in June, we

started to see buyers coming back to pick up units, taking advantage of the lower interest rates to purchase attractively-priced units,” added **Mr. Ismail**.

Embracing Digital Platforms for Effective Outreach to Stakeholders and Customers

While showflats were shut, PropNex embarked on consumer outreach efforts via digital platforms to market and transact properties. These online engagements have translated to steadily rising sales in the period following the circuit breaker.

Over the weekend of 25-26 July, the Group hosted its first-ever PropNex Virtual Property Expo, which attracted more than 30,000 viewers over two days – a demonstration of its commitment to innovation and thought-leadership. The Virtual Property Expo featured numerous insightful webinars for participants, as well as a wide selection of listings from different segments.

“The COVID-19 pandemic had undoubtedly accelerated a paradigm shift in the way we operate. We are seeing the trend of buyers becoming more comfortable with online transactions. This will likely make real estate transactions more efficient, as buyers can narrow down the plethora of choices through virtual viewings, and thereafter only conduct physical viewings of their top picks. We are also currently enhancing our investment in digitalizing more of our business processes, such as building up an improved digital database for the resale and leasing segments to enhance service quality,” **Mr. Ismail** added.

PropNex Hires Head of Research & Content

In 2Q2020, PropNex had appointed Ms. Wong Siew Ying as its Head of Research and Content. In this novel role, she will be driving engagement and building business momentum through thought leadership and value-added content through the Group’s communication channels, further expanding the Company’s influence and reach as a



leading player in the local and regional real estate scene, thereby elevating the profile of PropNex.

Mr. Ismail noted, "Siew Ying's depth of experience and ability to drive results will definitely help the Group to further strengthen our engagement with key stakeholders, as we continue to fortify our leadership position. We look forward to working closely with Siew Ying to continue delivering outstanding outcomes for all our clients."

Market Outlook

While the pandemic has temporarily derailed growth in the property market, the long-term outlook for the Singapore residential market remains positive. As COVID-19 concerns ebb over time, barring any unforeseen events, the Group believes that buyers will continue to return to the market. Meanwhile, a subdued economy helps keep home prices stable and low interest rate environment continues to be supportive of home financing. Based on past trends, the residential market has managed to recover after each crisis, with prices keeping in line with economic growth.

In the private residential market, the Group estimates a total of 14,500 to 15,500 units, including 8,000 to 8,500 units of new homes and ECs, to be transacted for the whole of 2020, against 19,150 units in 2019 based on URA statistics. In terms of prices, there was an uptick of 0.3% for new home sales in 2Q2020, bucking estimates of a 1.1% drop from the Urban Redevelopment Authority's ("URA") initial estimates in early July 2020. Overall, PropNex anticipates new home prices to slip by up to 2% for the full year.

With the anticipated line-up of another 29 projects with a total of more than 9,670 units to be rolled out in the subsequent quarters, PropNex has been appointed for 15 projects to-date.

The HDB resale price index has largely remained stable in 2Q2020 with prices growing marginally by 0.3% from the previous quarter. In terms of sales volume, a total of 9,319 HDB flats were transacted in 1H2020 with 3,426 in 2Q2020 and 5,893 in 1Q2020. The Group believes that the 41.9% decline in volume in 2Q2020 against 1Q2020 is not indicative of weaker demand for HDB, but rather reflect the effects of the circuit breaker and Phase 1 measures which restricted salespersons and customers from conducting property viewings. With the government allowing property viewings in Phase 2, the Group estimates HDB resale volume to be in the range of 20,000 to 22,000 for the full-year 2020, compared with 23,714 units transacted in 2019.

The Group expects the majority of the impact from the contraction of market volume during the circuit breaker period to be reflected in the Group's financial performance in the second half of the year.

Since the first social distancing measures have been introduced during the initial response to the pandemic, the Group has been proactively reaching out to consumers and salespersons via alternative online solutions. To date, the Group has conducted consumer seminars, salespersons' trainings online and virtual property expo and will continue to maximise outreach via online alternatives. The management is committed to stay engaged with the Group's stakeholders throughout the gradual reopening of the economy.

About PropNex Limited

PropNex Limited is Singapore's largest listed group with over 8,675 (as at 30 July 2020) 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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