

## **ANNUAL GENERAL MEETING TO BE HELD ON 28 APRIL 2021 RESPONSES TO SHAREHOLDERS' QUESTIONS**

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The Board of Directors (the “**Board**”) of PropNex Limited (the “**Company**”) would like to thank shareholders for submitting their questions in advance of the Annual General Meeting to be held by way of electronic means on Wednesday, 28 April 2021 at 10.00 a.m. (Singapore time).

The followings are the Company’s response to the corresponding questions from shareholders:

### **Question 1 from Shareholder**

#### **What is the strategy for PropNex as it moves into its next 5 years of expansion?**

##### **Company’s response**

PropNex’s salespersons as well as its customers are key to its future. Adding value to them have always been a consideration in its expansion plans. When these two groups do well, the results will be reflected accordingly. Briefly, the strategy for the next few years includes:

- a) **More than 10,000 salespersons.** PropNex currently has more than 9,200 salespersons, which is a growth of more than 10% as compared to 8,324 at end of 2020. This a result of:
- i) Training programmes to ensure salespersons are continually updated on skills, in knowledge of market and products, and awareness of the changes in regulations.
  - ii) Innovation and technology support systems that enable salespersons to reach out to consumers, to enhance productivity of salespersons, and to educate consumers.
  - iii) Culture of sharing where successful salespersons spread knowledge of their successes and experience to fellow salespersons, which consequently build a strong sense of camaraderie.

The Group’s immediate target is to cross 10,000 salespersons by 2022.

- b) **Diversify into consultancy services.** More than 98% of the revenue were derived from business of real estate agency. As such, the Group recognises the need to diversify. Hence, it has ventured into consultancy services such as Corporate Sales & Auctions, Leasing, Property Valuations, and Investment & Collective Sales. While these are still in infant stage, the Group will continue to strengthen and grow these verticals.
- c) **Enlarge footprint in ASEAN.** PropNex has presence in Indonesia, Malaysia and Vietnam. These are through franchisees who share values similar to PropNex. Currently, the contributions from franchisees are not significant. The Group continues to support their growth through technical infrastructure and training programmes. Hence, PropNex looks forward to the day when these franchisees will be a major market player in their own country.

PropNex views ASEAN as a market is big enough for the Group. It continues to seek suitable partners in other countries to enlarge its footprint within ASEAN.

- d) **Innovation and invest in technology.** PropNex has always used technology as a tool. This is driven by the continuous need for new ideas and approaches that help salespersons to reach out to more consumers and to close more transactions. COVID19 has given technology greater impetus and faster rate of adoption by salespersons. As a result, the Group reported record revenue and profit for FY2020. Innovation and technology will enable PropNex to reach out beyond Singapore and will continue to be an area of focus for the Group.

The above strategy will continue to be reviewed regularly. If there are no major plans for investment or expansion of businesses, substantial portion of the annual profits will likely be returned as dividends to shareholders.

**Question 2 from Shareholder**

URA property price indices shown that overall private property prices for 1Q2021 had gone up by 3.3% as compared to 2.1% for 4Q2020. Similarly, the HDB resale price index had increased by about 3%, same as 4Q2020. As such, everybody is speculating that the government will implement property cooling measures again. In your view, how will be the current real estate market be affected if cooling measures are implemented?

**Company's response**

The property price indices have increased on the back of recovering economy, low rates of interest, increased liquidity and lower inventory. Barring unforeseen circumstances and government policy changes, these factors are not likely to change significantly in the near future.

Notwithstanding, the government is mindful that the property market remains stable. Sustained and excessive price increases may lead to measures to avoid over-heating in the property market.

Based on past experience, the market's initial reaction to property cooling measures is likely a slow-down in the volume of transactions, particularly in the private residential market, due mainly to the uncertainties created by the new cooling measures. Once the cooling measures had been properly evaluated by the market, buyers, sellers and developers would likely return based on their assessment of the new market situation. That lapse in the market sales may last about two to three months before recovering.

The Group's revenue is segregated into five segments. Namely, the private new launches, private resale, landed properties, HDB resale and rental. PropNex has strong market share in each of these segments. If the segment for private new launches is adversely affected, this may be mitigated by the other segments such as the private resale, landed properties, HDB resale and rental, which are expected to continue to do well.

In addition, the number of unsold private homes at end 1Q2021 was about 21,000 as compared to about 24,000 units at end of 4Q2020, a decline of about 11%. If the inventory of private properties is lower and the demand remains unchanged, property prices are unlikely to soften. Therefore, it is expected that the property market will remain resilient.

By order of the Board

Ismail Gafoore  
Executive Chairman and CEO  
28 April 2021