

## PROPNE X 4Q2022 NET PROFIT UP 23%, FULL YEAR REVENUE SURPASSES \$1BILLION, ANNOUNCES ONE-FOR-ONE BONUS SHARES

- Proposes final dividend of 8.0 Singapore cents per share, bringing total dividends for FY2022 to 13.5 cents per share, representing yield of 8.0%<sup>1</sup>
- Proposes one-for-one bonus issue of up to 370 million new ordinary shares to broaden accessibility to more investors, encourage trading liquidity
- Robust balance sheet with healthy cash equivalents of S\$138.9 million
- Number of salespersons grew 8% (Y-o-Y) to 11,667 as at on 1 January 2023
- Revenue surpasses S\$1 billion in FY2022 despite uncertainty in the economy and Federal Reserve interest rates hikes

### Financial Highlights of the Group

S\$'000	4Q2022	4Q2021	% Change	FY2022	FY2021	% Change
Revenue	298,423	242,025	23.3	1,029,193	957,492	7.5
Gross Profit	30,203	25,950	16.4	104,683	101,787	2.8
PBT	22,791	18,534	23.0	79,085	78,670	0.5
NPAT	18,853	15,291	23.3	65,372	65,144	0.3
EPS (in cents)	4.80	3.86	24.4	16.85	16.22	3.9

**Singapore, 28 February 2023** – PropNex Limited (“PropNex”, or the “Company”, and together with its subsidiaries, the “Group”), Singapore’s largest listed real estate agency, today reported net profit after tax (“NPAT”) of S\$65.4 million for the full year ended 31 December 2022 (“FY2022”), on the back of S\$1.0 billion in revenue. Correspondingly, the Group reported healthy growth in its 4Q2022 NPAT to S\$18.9 million and revenue of S\$298.4 million, setting a new record for the quarterly revenue.

<sup>1</sup> Yield of 8.0% is based on price of S\$1.68 per share on 20 February 2023.

The strong growth in the Group's FY2022 was buoyed by the jump in full-year commission income which grew by 23.4% from S\$519.2 million to S\$640.6 million, largely due to the robust residential resale and rental market. By the same token, net profit after tax climbed 0.3% year-on-year to S\$65.4 million with the Group's profit after tax and minority interests ("PATMI ") for FY2022 increase by \$2.3million year-on-year to \$62.4million, while we remained debt free with a strong cash standing of S\$138.9 million as at 31 December 2022.

**Mr. Ismail Gafoor, co-founder, Executive Chairman and CEO of PropNex,** said: "We have wrapped up the year with a record full-year revenue posted in PropNex's history. Despite limited new project launches and a decline in home price growth in the fourth quarter of 2022, we managed to turn in a healthy set of results following improvements in both the Covid-19 situation and the overall economy. Looking forward, we believe that buying interest will continue to remain resilient, as seen by the successful launch of Sceneca Residences early this year and with a healthy pipeline of new launches expected in 2023."

### **One-for-one Bonus Issue**

PropNex is also proposing to undertake a bonus issue ("**Proposed Bonus Issue**") on the basis of one (1) bonus share to be credited as fully paid for every one (1) existing PropNex share held.

Up to 370 million new ordinary shares will be issued to PropNex shareholders with this one-for-one Proposed Bonus Issue.

Mr Gafoor said: "We have always held firm to our long-term strategy to broaden the distribution of PropNex's shares to more investors, alongside a continued commitment to encourage trading liquidity. This is the first bonus share issue that PropNex has undertaken and this exercise reflects our belief in the opportunities for PropNex's long-term growth and expansion."

The Proposed Bonus Issue is subject to the approval of shareholders of the Company at an Extraordinary General Meeting to be convened, and the approval of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Application will be made to the Singapore Exchange for the listing and quotation of all ordinary shares arising from the Proposed Bonus Issue, and a Circular setting out further details of the Proposed Bonus Issue will be despatched to shareholders in due course.

### **Final Dividend**

The Board has proposed a final dividend of 8.0 Singapore cents per share. Factoring in the interim dividend of 5.5 Singapore cents, the total dividends for FY2022 of 13.5 Singapore cents per share, equivalent to S\$49.95 million or 80.0% of the Group’s profit after tax and minority interests (“**PATMI**”) for FY2022. It represents a yield of 8.0% based on the price of S\$1.68 per share on 20 February 2023.

### **Maintaining the Largest Network in the Industry**

Over the years, PropNex has risen to become the largest real estate agency in Singapore. To continue fulfilling the ever-growing needs of clients, the Group is committed to recruit more salespersons. The Group had grown by 8% with 871 new salespersons to 11,667 (as at 1 January 2023) comparing Y-o-Y to 10,796 (1 January 2022).

Mr Gafoor said: “It is an honour to cement our position as Singapore’s largest real estate agency. People are attracted to join PropNex due to the suite of training offerings we provide, our guided mentorship programme and our vast network of clients. Looking ahead, our goal remains to strengthen our operations across all markets we operate in through growing our salesforce and serving our clients to the best of our ability.”

## **Leading The Charge in Uplifting Industry Practices**

In November 2022, PropNex announced that it is leading the charge in uplifting industry practices with the new Tripartite Standard on Grievance Handling and Co-broking. This makes PropNex the first-ever real estate agency to have a formalised

framework that looks into welfare, promotes professionalism in business and industry practices, and provides a platform for raising issues and protecting real estate salespersons. The framework is supported by Singapore Industrial and Services Employees' Union.

## **Market Outlook**

The overall private home prices rose by 0.4% QOQ – following a 3.8% growth in the previous quarter. For the whole of 2022, private home prices increased by 8.6% from the end of 2021, marking the 6th straight annual growth in prices from 2017. New home sales volume (ex. EC) in Q4 2022 however had 690 units transacted. For the whole of 2022, 7,099 new homes (ex. EC) were sold - down by 45.5% from 2021. In 2022, we saw many of the new launches booking strong sales - indicative of the still healthy housing demand – that have helped to boost private home prices. Meanwhile, 14,026 resale private homes were sold compared to 19,962 units resold in 2021, but higher than the 5-year average (2017-2021) of 13,338 units. Buyers who were unable to find a suitable unit in the primary market likely went for resale private homes, where prices have been rising a slower pace compared to new launches.

The Group expects some 40 projects may be launched in 2023, potentially injecting about 12,000 new units (including EC) into the market. In 2023, we expect overall private home prices may rise by 5% to 6%, easing from the 8.6% increase in 2022, in view of the high land cost and rising construction cost faced by developers.

For the public housing, HDB resale prices rose by 2.3% QOQ in Q4 2022, representing the slowest pace of quarterly price growth since Q3 2020, due to a combination of factors, including the fresh cooling measures introduced in September 2022 and the muted market activity due to the seasonal lull. In 2023, the Group anticipates that HDB resale prices could rise by between 7% to 9% - easing from 10.4% in 2022 - in view of the cooling measures, downbeat global economic outlook, high interest rates, and buyers resisting paying ever higher prices for resale units. Meanwhile, demand for HDB resale flats is expected to remain stable in 2023 and we project that 28,000 to 30,000 flats could be resold this year with the Budget 2023 announcement on 14 Feb on the additional CPF housing grants given for first-time buyers.

In relation to the latest measures announced at the Singapore Budget relating to the real estate sector, Mr Gafoor added: “With higher grants for 2 to 4-room HDB flats, this will encourage right-sizing of homes - potentially easing demand for 5-room or larger flats. On the flipside, this could also further spur demand for resale flats given tight market supply, thereby keeping prices firm.”

“Also, measures such as higher marginal Buyer’s Stamp Duty for higher-value residential and non-residential properties should not impact home sales significantly, as this should be manageable for buyers of homes priced over \$1.5 million and \$3 million. Overall, we expect demand for non-residential properties in Singapore to remain resilient, underpinned by the country’s sound fundamentals,” he concluded.



### **About PropNex Limited**

PropNex Limited is Singapore's largest listed group with 11,902 (as at 17 February 2023) 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 Cambodia, Indonesia, Malaysia, Vietnam and Australia.

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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