

PROP Nex'S 3Q2019 REVENUE OF S\$122.5 MILLION MARKS REBOUND TO PRE-COOLING MEASURES LEVEL IN 2018

- **33% increase in revenue from 2Q2019, and down only 1.3% compared to 3Q2018, rebounded to pre-cooling measures performance of S\$122.5m**
- **Group deepens footprint in Malaysia with 20% in PropNex Malaysia's enlarged share capital**
- **PropNex transacted highest volume of residential units for majority of new project launches that it has been appointed in 3Q2019**
- **PropNex maintains status as Singapore's largest real estate agency with over 8,400-strong salesforce**

Singapore, 13 November 2019 – PropNex Limited (“**PropNex**”, or the “**Company**”, and together with its subsidiaries, the “**Group**”), Singapore's largest home-grown real estate agency listed on the Singapore Exchange, posted a revenue of S\$122.5 million for the quarter ended 30 September 2019 (“**3Q2019**”), rebounding to pre-cooling measures levels in 2018. This compares with the Group's revenue of S\$121.6 million posted in the quarter ended 30 June 2018 before cooling measures was introduced in July 2018.

PropNex registered a net profit after tax (“**NPAT**”) of S\$6.6 million for 3Q2019.

The Group's 3Q2019 performance was firmly led by the primary private market, where the interests from buyers and investors have continued to be positive as buyers have become more responsive to new launches that are coming on stream. This was clearly demonstrated at Avenue South Residence, one of the newly launched developments for the month of September, which sold over 90% of the 300 units at its first launch weekend.

Increase in commission income from project marketing services turned in a growth of 15.9% to S\$45.3 million in 3Q2019, up from S\$39.1 million in 3Q2018, mainly attributable to a significant number of new launches in 2019 and the Group's focus on this new launch segment. Meanwhile, PropNex witnessed a 9.4% decrease in commission income from agency services, from S\$83.1 million in 3Q2018 to S\$75.3 million in 3Q2019. This was primarily attributed to high resale activity during 2018 arising from the strong en-bloc activities before the cooling measures.

Overall for the nine months ended 30 September 2019 ("**9M2019**"), PropNex achieved revenue of approximately S\$288.8 million and NPAT of approximately S\$13.0 million.

Financial Highlights of the Group

S\$'000	3Q2019	3Q2018	% Change	9M2019	9M2018	% Change
Revenue	122,519	124,176	(1.3)	288,822	348,540	(17.1)
Gross Profit	13,232	13,678	(3.3)	29,937	33,646	(11.0)
PBT	8,116	10,366	(21.7)	15,740	24,278	(35.2)
NPAT	6,613	8,335	(20.7)	12,987	20,063	(35.3)
PATMI	6,111	7,208	(15.2)	11,815	17,582	(32.8)
EPS (in cents)	1.65	1.95	(15.4)	3.19	5.35	(40.4)

Mr. Ismail Gafoor, co-founder, Executive Chairman and CEO of PropNex, said, “We are happy to see our revenue rebounding to pre-cooling measures levels. The primary private market has recovered strongly, with private new home sales for September being the third consecutive month in 2019 where sales crossed the 1000-units mark. This was due to an increased number of new project launches in the first nine months, with buyers and investors remaining responsive to new launches that have come on stream.”

“Despite the silver lining in the primary private market, the slowdown in the private property market can be observed by the lower private resale volume when compared to the previous year, where the flurry of en-bloc activities in 2018 contributed to strong resale activity. For the overall private residential transactions (new sales, resale and sub-sales), we anticipate an estimated 18,000 transactions for the whole year, marking approximately 18.7% decline when compared to 2018, which recorded a total of 22,139 transactions based on URA’s data.”

Proven Market Leadership in Private Primary Market

In this quarter, PropNex continues to solidify its market leadership in new project launches. The Group transacted the highest number of units amongst other joint marketing agencies for most of the new projects that were appointed by developers from July to September 2019.

However, as revenue recognition usually happens a few months after the option-to-purchase is issued, in addition to the time lag required to process the various sales-related documents, transactions at the initial launch of recent popular projects are likely to only be recognised in the following quarters.

Singapore's Largest Real Estate Agency On Track For Further Growth

As at 11 November 2019, PropNex is the largest listed real estate agency in Singapore with 8,483 salespersons, a growth of 1,083 salespersons or 14.6% from 1 January 2019. The continued growth in salespersons is a result of the Group's commitment to comprehensive training and development programmes such as the signature Bootcamps, as well as its strong collaborative work culture.

Deepening Regional Footprint With 20% Stake in PropNex Realty Sdn. Bhd.'s ("PropNex Malaysia") Enlarged Share Capital

PropNex Malaysia has grown from 60 salespersons when it first opened its doors in March 2018, to close to 500 salespersons today. The Group is pleased to announce the opening of its third office in Johor Bahru, Malaysia and plans are underway for its fourth office to be opened in Malaysia by the first half of 2020.

The latest office opening also comes at a time where the Group has entered into an agreement, through its wholly-owned subsidiary PropNex Singapore, to subscribe for a 20% stake in PropNex Malaysia's enlarged share capital.

"We see potential in the Malaysian real estate market, especially with an increase in the number of expatriates and the number of new projects and developments lined up in the country. Additionally, Malaysia will be lowering the minimum price in 2020 for foreigners when buying its high-rise properties in urban areas to RM600,000 (about S\$197,000), from RM1 million (about S\$328,000) currently. Importantly, we are delighted to be able to solidify our positioning in Malaysia as we believe in sharing our formula with like-minded real estate agency owners in creating value for stakeholders, home investors, developers, property investment groups and aspiring realtors," said Mr. Ismail.

“Looking ahead, we will continue to execute on our strategic and growth priorities to enable the Company to generate long term returns to shareholders,” added Mr. Ismail.

Market Outlook

The sales performance of the third quarter tends to be better largely due to the festivities at the beginning of the year and sales momentum picking up thereafter. With the line-up of new launches that are captivating the interest of buyers and investors, the Group expects the sales activities to continue for the remainder of the year, with momentum and demand staying resilient. To fully capitalise on the numerous launches this year, the Group will continuously conduct consumer seminars to articulate the opportunities to potential buyers. These consumer seminars are often conducted by the Company’s executive directors Mr Ismail Gafoore and Mr Kelvin Fong.

While private home prices may see a positive price growth in 2019, the Group anticipates the private resale market have an estimated 18,000 transactions for the whole year.

The introduction of Enhanced CPF Housing Grant with broader guidelines in September 2019 increased the affordability of homes for first time buyers. As a result, we expect there will be higher number of applications by first time home buyers for resale flat. The HDB resale market is expected to reflect continuous demand and price stabilization.



About PropNex Limited

PropNex Limited is Singapore's largest listed group with over 8,400 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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