

MEDIA RELEASE

PropNex chalks net profit of \$22.1 million on revenue of \$364.3 million in 1H; Sees a more vibrant 2H supported by a strong pipeline of new launches

- *Proposes interim cash dividend of 2.5 cents a share, representing a payout ratio of 84% of the Group's net attributable profit in 1H2023*
- *Remains optimistic about 2H2023 where over 8,000 units across 33 new projects are expected to be launched*
- *Number of salespersons grew by 406 from 11,667 as at 1 January 2023 to 12,073 as at 31 July 2023*
- *Continues to maintain a robust balance sheet with cash equivalents of \$139.6 million*

\$'000	1H2023	1H2022	% Change
Revenue	364,283	472,334	(22.9)
Gross Profit	35,778	47,777	(25.1)
Net Attributable Profit	22,054	27,021	(18.4)
EPS¹ (cents)	2.98	3.65 ²	(18.4)

¹ Based on 740 million ordinary shares

² Restated to reflect the issuance of the 1-for-1 bonus shares on 5 May 2023

SINGAPORE – 10 August 2023 – PropNex Limited (“**PropNex**”, or the “**Company**”, and together with its subsidiaries, the “**Group**”) today reported a respectable performance for the six months ended 30 June 2023 (“**1H2023**”) despite several rounds of cooling measures implemented since September 2022. The Group’s resilient business model has proven its ability to navigate through a property market that was marked by persistently high borrowing rates with fewer new launches in 1H2023.

Revenue in 1H2023 declined 22.9% year-on-year (“**yoy**”) to \$364.3 million mainly due to fewer number of transactions completed for agency and project marketing services, leading to a drop in commission income from both segments of \$38.2 million and \$69.9 million, respectively. As a result, the Group’s net attributable profit declined 18.4% yoy to \$22.1 million.

The Group, however, remains optimistic for a stronger second half of 2023 (“**2H2023**”) as it anticipates the private homes market to pick up on the back of a large pipeline of new launches. It estimates another 33 new launches with an aggregated 8,000 units to hit the market in 2H2023. For the full year 2023, approximately 11,529¹ new units to be launched, which is more than double the 4,528 units that were launched in 2022.

Mr. Ismail Gafoor, Executive Chairman and Chief Executive Officer of PropNex, said: “The property market is typically slower in the first half of the year, especially in the first quarter. This year, however, sentiment in the property market was compounded by two cooling measures introduced in 1H2023 (February Budget measures and April cooling measures) and elevated interest rates as high as 4.5% in the beginning of 2023. Despite these challenges, we were able to achieve a creditable performance in 1H2023, thanks to the resilience of our asset light business model and our network of 12,000 salespersons. With 1H2023 behind us, we are confident of a more vibrant 2H2023 with interest rates easing below 3.5% and an estimated 33 new projects to be launched.”

In September 2022, the Loan to Value (“**LTV**”) limit for Housing & Development Board (“**HDB**”) loans was tightened, total debt serving ratio (“**TDSR**”) and mortgage servicing ratio (“**MSR**”) calculations were increased, while the wait-out period before private homeowners can purchase a non-subsidised HDB resale flat after the sale of their homes was lengthened. In February 2023, higher buyer’s stamp duty (“**BSD**”) top marginal rates for higher-valued properties were introduced. Most recently in April 2023, the government doubled the Additional Buyer’s Stamp Duty (“**ABSD**”) rate to 60% for foreigners, and raised the ABSD rates for Singaporeans and Singapore permanent residents buying their second, third and subsequent homes. These measures collectively have raised home acquisition costs, especially for property investors.

Meanwhile, PropNex continued to maintain a robust balance sheet. The Group’s cash and cash equivalents grew 0.5% to \$139.6 million as at 30 June 2023, from \$138.9 million as at 31 December 2022. The Group had no borrowings as at 30 June 2023.

¹ PropNex Research, PropNex International, URA

Signalling the Group's continued confidence in its outlook and to thank its shareholders, the Board of Directors has proposed an interim cash dividend of 2.5 cents a share for 1H2023, which amounts to \$18.5 million and reflects a payout ratio of 84% of the Group's net attributable profit for 1H2023. This compared to an interim dividend of 2.75 cents (adjusted) and payout ratio of 75% for 1H2022, after taking into consideration the 1-for-1 bonus issue which enlarged the Group's share base from 370 million shares to 740 million shares.

Other Developments in 1H2023

In 1H2023, the Group was exclusively appointed for the sale of Lornie 18 and 48 units at Eleven @ Holland, the latter which it sold out in 36 hours. It was also appointed to market The Bencoolen, Tembusu Grand, Blossoms by the Park, The Continuum, and The Reserve, and led the sales of these projects by selling the most number of units.

In May 2023, the Group completed its 1-for-1 bonus issue of 370 million bonus shares, doubling the total number of issued shares to 740 million shares. With this, the Group successfully broadened the participation of investors and enhanced trading liquidity in the Company which was reflected by a tripling in average daily trading volume post-transaction.

In addition, 2023 marked the 5-year anniversary of PropNex's listing on the Singapore Exchange. Chronicling some of its achievements, Mr Ismail said, "Since our listing on 2 July 2018, we have grown exponentially in terms of scale and value. Our sales team has doubled from 6,684 (as at 1 January 2018) then to 12,073 salespersons today (as at 31 July 2023). Our market capitalisation has also grown from \$240.5 million to around \$754.8 million as at 31 July 2023. I am very proud of the milestones we have achieved which would not have been possible without the passion and dedication of our management team and salespersons. Barring any unforeseen circumstances, the Group expects its performance in 2H2023 to be better than 1H2023."

Market Outlook and Plans

Trends of residential property prices in Singapore are generally signalling a slowing growth momentum, and on a path towards more sustainable pricing in the residential market. Private home prices slipped for the first time in three years in the second quarter of 2023 (“2Q2023”) by 0.2%, while HDB resale flat prices continued to rise at a more moderate pace of 1.5% during the quarter. Meanwhile, the growth in private home rentals slowed considerably with a 2.8% growth in 2Q2023.

Looking ahead, PropNex estimates overall private home prices to grow between 4.0% to 5.0% with developers’ sales to range between 7,000 to 7,500 units (excluding Executive Condominiums (“EC”)). This will be underpinned by recent project launches, such as The Myst, Lentor Hills Residences, Grand Dunman, and Pinetree Hill. A further boost will be driven by upcoming project launches in the latter part of the year, namely Lake Garden Residences, Altura EC, TMW Maxwell, Orchard Sophia, and The Arden.

The Group estimates private resale volume in 2023 to range from 12,000 to 13,000 units, compared to 14,026 units in 2022, on the back of high interest rates and tight resale stock.

On the public housing front, the Group maintains its projection for resale flat volume to range between 27,000 to 28,000 units in 2023. Demand for smaller flats is likely to remain strong in view of the higher housing grants for the purchase of such flats among eligible buyers. The Group estimates HDB resale prices to grow between 5.0% to 6.0% in 2023, slowing substantially from the double-digit growth booked in the past two years.

Against this property landscape, the Group is forging ahead with its plans to grow its market share and emerge stronger. Said Mr Ismail, “We are proud to be the largest sales network in Singapore with a formidable force of 12,073 salespersons (as at 31 July 2023). To better tap into opportunities in the local and regional real estate markets, and also to serve our customers better, we intend to further scale up our sales force while also focusing on information technology development and training programmes to enhance productivity levels across our business operations.”

- END -



About PropNex Limited

PropNex Limited is Singapore's largest listed group with 12,073 (as at 31 July 2023) sales professionals. As an integrated real estate services group, PropNex's key business segments include real estate brokerage, training 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

Issued by August Consulting on behalf of PropNex Limited

Media Contact

Silvia Heng, silviaheng@august.com.sg

Jeffrey Tan, jeffreytan@august.com.sg

Tel: 6733 8873