



SINGAPORE

**PROPnex LIMITED**

(Company Registration Number: 201801373N)

(Incorporated in the Republic of Singapore on 10 January 2018)

**OFFERING IN RESPECT OF 42,500,000 OFFERING SHARES COMPRISING PLACEMENT OF 40,375,000 OFFERING SHARES AND PUBLIC OFFER OF 2,125,000 OFFERING SHARES AT S\$0.65 FOR EACH OFFERING SHARE, PAYABLE IN FULL ON APPLICATION (SUBJECT TO OVER-ALLOTMENT OPTION) (THE “OFFERING”)**

*Prior to making a decision to subscribe for and/or purchase the Offering Shares, you should carefully consider all the information contained in the prospectus dated 25 June 2018 issued by PropNex Limited (the “Company”) and the Vendors (as defined herein) in respect of the Offering (the “Prospectus”). This Product Highlights Sheet should be read in conjunction with the Prospectus. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. If you are in doubt as to investing in the Offering Shares, you should consult your legal, financial, tax or other professional adviser.*

This Product Highlights Sheet is an important document.

- It highlights the key information and risks relating to the offer of the Offering Shares contained in the Prospectus. It complements the Prospectus<sup>1</sup>.
- You should not subscribe for and/or purchase the Offering Shares if you do not understand the nature of this investment in the Offering Shares, our business or you are not comfortable with the accompanying risks.
- If you wish to subscribe for and/or purchase the Offering Shares, you will need to make an application in the manner set out in the Prospectus. If you do not have a copy of the Prospectus, please contact the Company or the Issue Manager, Underwriter and Placement Agent to ask for one.

<b>Issuer</b>	PropNex Limited	<b>Place of incorporation</b>	Republic of Singapore
<b>Details of this offer</b>	42,500,000 Offering Shares (subject to the Over-allotment Option) comprising 2,125,000 Offering Shares by way of Public Offer and 40,375,000 Offering Shares by way of Placement	<b>Total amount to be raised in this offer</b>	Gross proceeds of approximately S\$40.9 million and net proceeds of approximately S\$38.0 million will be raised from the issuance of the New Shares and the issuance of the Cornerstone Shares (assuming that the Over-allotment Option is not exercised).
<b>Offering Price</b>	S\$0.65 for each Offering Share	<b>Listing status</b>	Application has been made to the SGX-ST for permission to list, deal in, and for quotation of, all Shares (including the Vendor Shares and Additional Shares), the New Shares, the Cornerstone Shares, the Award Shares and the Option Shares) on the Main Board of the SGX-ST. The Shares are expected to be listed on 2 July 2018.
<b>Issue Manager, Underwriter and Placement Agent</b>	UOB Kay Hian Private Limited		

<sup>1</sup> The Prospectus, registered by the Monetary Authority of Singapore (the “Authority”) on 25 June 2018, may be obtained on request, subject to availability, during office hours from UOB Kay Hian Private Limited, 8 Anthony Road #01-01, Singapore 229957, or accessible on the Singapore Exchange Securities Limited’s website at <http://www.sgx.com> or the Authority’s OPERA website at <http://opera.mas.gov.sg/ExtPortal>.

## OVERVIEW

### WHO ARE WE AND WHAT DO WE DO?

#### OUR BUSINESS

We were incorporated in Singapore on 10 January 2018 under the name of “PropNex Pte. Ltd.” (and together with our subsidiaries, referred to as the “Group”). On 13 June 2018, our Company was converted into a public company and renamed “PropNex Limited”.

We are an integrated real estate services group. Based on the media release by the CEA on 4 January 2018, as at 1 January 2018, we are Singapore’s largest home-grown real estate agency. Our value proposition to our customers is based on our strong commitment to excellent customer service and professional work ethics and this is reflected in our name “PropNex”, which stands for Property Network for Excellence.

Our core business can be categorised into four (4) business segments namely (i) real estate brokerage, (ii) training, (iii) property management and (iv) real estate consultancy.

#### Real Estate Brokerage

Our primary business is in the provision of real estate brokerage services comprising real estate agency and project marketing services. We operate our real estate agency through our wholly owned subsidiary, PropNex Realty Pte. Ltd. (“PropNex Realty”) which is supported by PropNex International Pte. Ltd. (“PropNex International”) in project marketing. Based on the CEA’s media release on 4 January 2018, as at 1 January 2018, PropNex Realty is Singapore’s largest real estate agency with 6,684 salespersons. As at the Latest Practicable Date, we have 7,248 salespersons. According to the Independent Market Research Consultant, we are a leading project marketing agency with a market share of 42.7% of the residential primary private market in terms of units transacted in 2017. We believe we also lead the market in the residential HDB resale market with a market share of 45.3% in terms of units transacted in 2017 (according to the Independent Market Research Consultant).

#### Training

Life Mastery Academy Pte. Ltd. (“Life Master Academy”) is the training arm of PropNex and is also a CEA-accredited provider of CPD courses. The academy provides training for salespersons to equip them with the necessary knowledge to carry out real estate agency work. The current regulatory framework requires all practising salespersons in Singapore to undertake mandatory CPD courses for a minimum of six (6) hours of credits each calendar year.

#### Property Management

PropNex Property Management Consultancy Pte. Ltd. (“PropNex Property Management”) was set up as a one-stop professional consultancy to manage boutique and high-end condominiums. PropNex Property Management provides specialised solutions in property management, building diagnostics and facility management. The team builds on long-term alliances and collaborations with various industry experts and partners to provide a number of services, including property and facility maintenance, administration of common areas, communal and lifestyle services, security management, defects resolution, and project management.

#### Real Estate Consultancy

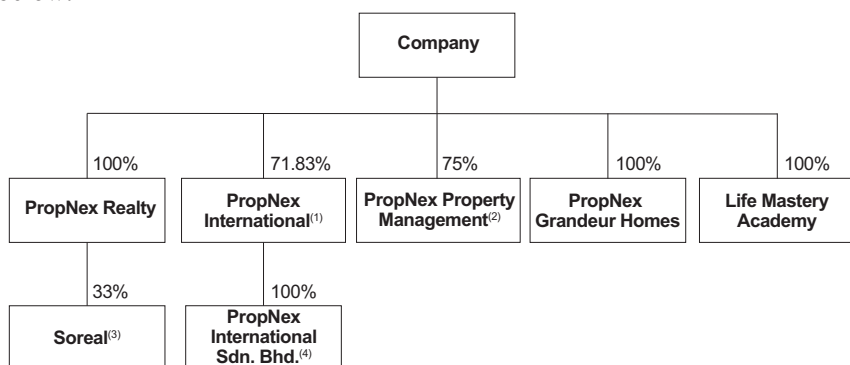
Between January 2018 and March 2018, we established a real estate consultancy arm under PropNex Realty to provide auction and corporate sales services and investment or en bloc services.

#### Further Information

Refer to “*Our Business – Overview*” on pages 91 to 92 of the Prospectus and “*Our Business – Our Services*” on pages 94 to 112 of the Prospectus for more information.

## OUR GROUP STRUCTURE

The structure of our Group as at the date of the Prospectus is summarised below:



### Notes:

- (1) The remaining 28.17% is held by JLLPC.
- (2) The remaining 25% is held by Mr. Paul Lawrence. Mr. Paul Lawrence is not related to the Company, the Directors and its Controlling Shareholders.
- (3) The remaining 34% and 33% is held by Electronic Realty Associates Pte. Ltd. and H Investment Pte. Ltd. respectively which are unrelated third parties.
- (4) Dormant company in the process of being struck off.

Refer to “Group Structure” on pages 78 to 80 of the Prospectus for the detailed structure of our Group as at the date of the Prospectus.

## WHO ARE OUR DIRECTORS AND KEY EXECUTIVES?

### DIRECTORS

Our board of Directors comprise the following directors:

**Mr. Mohamed Ismail s/o Abdul Gafoore (Executive Chairman and Chief Executive Officer)** – Mr. Mohamed Ismail is our co-founder and has more than 20 years of experience in the real estate industry.

**Mr. Alan Lim Tow Huat (Executive Director)** – Mr. Alan Lim is our co-founder and has more than 20 years of experience in the real estate industry.

**Mr. Kelvin Fong Keng Seong (Executive Director)** – Mr. Kelvin Fong has more than 15 years of experience in the real estate industry and oversees our training development curriculum, salespersons skills and development of our IT strategies and technology innovations.

**Dr. Ahmad Magad (Lead Independent Director)** – Dr. Magad has served on various statutory boards and government committees and as an elected member of parliament.

**Mr. Kan Yut Keong (Independent Director)** – Mr. Kan has more than 34 years of experience in professional accounting, corporate finance and consulting in Asia and in the United Kingdom.

**Mr. Low Wee Siong (Independent Director)** – Mr. Low has more than a decade of experience in capital markets and corporate finance as a lawyer and an investment banker.

### EXECUTIVE OFFICERS

Our key executives are:

**Mr. Lim Yong Hock (Key Executive Officer)** – As our Key Executive Officer, Mr. Lim heads our real estate agency business and he oversees the daily operations of the agency, including the management and training of all of our real estate agents. He has been with the Company for more than 12 years.

**Mr. Johnsonwill Hon (Financial Controller)** – As our Group’s Financial Controller, Mr. Hon is responsible for our Group’s financial and accounting matters. He has been with the Company for more than 10 years.

**Ms. Josephine Chow (Chief Operating Officer)** – As the Chief Operating Officer, Ms. Chow oversees the Group’s operations. She has been with the Company for more than 13 years.

Refer to “Directors, Management and Staff – Directors” and “Directors, Management and Staff – Executive Officers” on pages 140 to 148 of the Prospectus for more information.

## WHO ARE OUR CONTROLLING SHAREHOLDERS?

Immediately prior to the Offering, our Controlling Shareholders, P&N Holdings Pte. Ltd., Mr. Mohamed Ismail and Mr. Alan Lim has direct interest of approximately 68.0%, 7.8% and 12.2% of our Company's total issued share capital. Mr Mohamed Ismail and Mr. Alan Lim also owns 62% and 38% of P&N Holdings Pte. Ltd. and is, pursuant to section 4 of the SFA, deemed interested in the Shares held by P&N Holdings Pte. Ltd.

Refer to "Shareholders" on pages 84 to 90 of the Prospectus for more information.

Immediately following the Offering and assuming full exercise of the Over-allotment Option, P&N Holdings Pte. Ltd., Mr. Mohamed Ismail and Mr. Alan Lim will have direct interests of approximately 55.6%, 6.5% and 1.8% of our Company's total post-Offering share capital.

## HOW WAS OUR HISTORICAL FINANCIAL PERFORMANCE AND WHAT IS OUR CURRENT FINANCIAL POSITION?

### Key Profit and Loss Information

	FY2015 S\$'000	FY2016 S\$'000	FY2017 S\$'000
Revenue	204,772	245,035	361,256
Gross profit	19,187	19,133	33,756
Profit before tax	9,330	9,964	22,156
Profit from continuing operations	8,319	8,859	18,885
Profit attributable to owners of the Company	6,541	7,616	16,273
Earnings per Share ("EPS") <sup>(1)</sup> (cents per share)	2.13	2.48	5.30
EPS based on pre-Offering share capital <sup>(2)</sup> (cents per share)	2.13	2.48	5.30
EPS based on post-Offering share capital <sup>(3)</sup> (cents per share)	1.77	2.06	4.40

Refer to "Selected Combined Financial Information" on pages 53 to 54, "Management's Discussion and Analysis of Results of Operations and Financial Position" on pages 55 to 71 and "Audited Consolidated Financial Statements for the Financial Years ended 31 December 2015, 2016 and 2017" as set out in Appendix A of the Prospectus.

### **Notes:**

- (1) Computed based on our number of shares of 307,100,000 Shares, after adjusting for the share split.
- (2) For comparative purposes, EPS is computed based on profit attributable to owners of our Company from continuing operations and our Company's pre-Offering Share Capital of 307,100,000 Shares.
- (3) For comparative purposes, EPS is computed based on profit attributable to owners of our Company from continuing operations and our Company's post-Offering Share Capital of 370,000,000 Shares.

### Key Cash Flows Information

	FY2015 S\$'000	FY2016 S\$'000	FY2017 S\$'000
Net cash from operating activities	5,495	10,050	23,684
Net cash used in investing activities	(441)	(204)	(1,382)
Net cash used in financing activities	(5,800)	(6,665)	(10,756)
Net (decrease)/increase in cash and cash equivalents	(746)	3,181	11,546
Cash and cash equivalents at the end of the financial year	12,888	16,069	27,615

### Key Balance Sheet Information

	As at 31 December 2015 S\$'000	As at 31 December 2016 S\$'000	As at 31 December 2017 S\$'000
Total assets	39,388	50,846	92,357
Total liabilities	28,551	37,814	71,198
Total equity	10,837	13,032	21,160

The most significant factors contributing to our financial performance in FY2017 compared to FY2016 are as follows:

- Revenue increased by approximately S\$116.22 million or 47.4%, from S\$245.04 million in FY2016 to S\$361.26 million in FY2017. This was mainly due to the following reasons:
  - (a) Commission income from real estate agency services increased by approximately S\$43.17 million or 21.9%, from S\$197.30 million in FY2016 to S\$240.47 million in FY2017 due to higher resale market transactions volume (FY2016: 12,757 as compared to FY2017: 15,087) and higher rental market transactions volume (FY2016: 30,528 as compared to FY2017: 32,491) in Singapore; and
  - (b) Commission income from real estate project marketing services increased by approximately S\$72.24 million or 167.7% from S\$43.07 million in FY2016 to S\$115.31 million in FY2017 due to higher percentage of sales commission given by property developers averaging approximately 1.7% in FY2016 as compared to 2.3% in FY2017 and higher new project sale transactions volume (FY2016: 2,231 as compared to FY2017: 4,498).
- Gross profit of the Group increased by approximately S\$14.63 million or 76.5%, from S\$19.13 million in FY2016 to S\$33.76 million in FY2017 and the gross profit margin of the Group increased from 7.8% in FY2016 to 9.3% in FY2017. The increase in gross profit margin was mainly driven by the increase of gross profit margin of the Group's real estate brokerage services segment from 7.4% in FY2016 to 8.9% in FY2017 which is due to a non-recurring one-off management and founder overriding fee of S\$1.72 million incurred in FY2016.
- Our profit before tax increased by approximately S\$12.20 million or 122.5%, from S\$9.96 million in FY2016 to S\$22.16 million in FY2017.
- For FY2017, cash generated from operations was approximately S\$24.81 million. This comprised operating cash flows before changes in working capital of approximately S\$23.70 million, and adjusted by an increase in working capital of approximately S\$1.11 million. The increase in working capital was due to an increase in trade and other payables of approximately S\$31.21 million and an increase in deferred income of approximately S\$0.03 million, offset by an increase in trade and other receivables of approximately S\$30.13 million. In addition, there was income tax paid of approximately S\$1.16 million and tax refunded of approximately S\$0.04 million. Net cash from operating activities was approximately S\$23.68 million.

The most significant factors contributing to our financial performance in FY2016 compared to FY2015 are as follows:

- Revenue increased by approximately S\$40.27 million or 19.7%, from S\$204.77 million in FY2015 to S\$245.04 million in FY2016. This was mainly due to the following reasons:
  - (a) Commission income from real estate agency services increased by approximately S\$31.51 million or 19.0%, from S\$165.79 million in FY2015 to S\$197.30 million in FY2016 due to higher resale market transactions volume (FY2015: 11,546 as compared to FY2016: 12,757) and higher rental market transactions volume (FY2015: 27,303 as compared to FY2016: 30,528) in Singapore; and
  - (b) Commission income from real estate project marketing services increased by approximately S\$8.73 million or 25.4% from S\$34.34 million in FY2015 to S\$43.07 million in FY2016 due to higher percentage of sales commission given by property developers averaging approximately 1.3% in FY2015 as compared to 1.7% in FY2016 due to lacklustre property market sentiments which resulted in a lower new project sale transactions volume (FY2015: 2,734 as compared to FY2016: 2,231).

- Gross profit of the Group decreased by approximately S\$0.05 million or 0.3%, from S\$19.18 million in FY2015 to S\$19.13 million in FY2016 and the gross profit margin of the Group decreased from 9.4% in FY2015 to 7.8% in FY2016. The reduction of gross profit margin was mainly due to the reduction of gross profit margin of the Group’s real estate brokerage services segment from 8.8% in FY2015 to 7.4% in FY2016 which is attributed to a non-recurring one-off management and founder overriding fee of S\$1.72 million incurred in FY2016.
- Our profit before tax increased by approximately S\$0.63 million or 6.8%, from S\$9.33 million in FY2015 to S\$9.96 million in FY2016.
- For FY2016, cash generated from operations was approximately S\$11.06 million. This comprised operating cash flows before changes in working capital of approximately S\$10.95 million, and adjusted by an increase in working capital of approximately S\$0.11 million. The increase in working capital was due to the increase in trade and other payables of approximately S\$9.19 million, offset by an increase in trade and other receivables of approximately S\$9.06 million and a decrease in deferred income of approximately S\$0.02 million. In addition, there was income tax paid of approximately S\$1.04 million and tax refunded of approximately S\$0.03 million. Net cash from operating activities was approximately S\$10.05 million.

**The above factors are not the only factors contributing to our financial performance in FY2015, FY2016, FY2017. Please refer to other factors set out in the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” on pages 55 to 71 of the Prospectus.**

## INVESTMENT HIGHLIGHTS

### WHAT ARE OUR BUSINESS STRATEGIES AND FUTURE PLANS?

We believe that our position as one of the industry leaders is based on the following competitive strengths.

#### **Market leader in size – We are the largest real estate agency in Singapore**

According to the figures released by the CEA on 4 January 2018, based on the number of real estate salespersons, we were the largest real estate agency in Singapore as of 1 January 2018 with 6,684 salespersons. With a large pool of multi-racial, active and mobile salespersons, we are able to reach out to a large segment of the market on an efficient and timely basis and cater to a wide range of customers of different backgrounds, needs and resources. Our large salesforce enables us to provide services which cover a wide spectrum of real estate sectors, such as high end real estate, commercial real estate, industrial real estate and residential real estate which includes, new developments, resale and leasing.

Our large salesforce enables us to enjoy economies of scale in providing support services to our salespersons and it also provides us a competitive edge and leverage as compared to our competitors, in sourcing of new property listings, deploying more resources to market our local and overseas projects, having direct access to market sentiments and expectations and in securing numerous project marketing mandates from our customers.

#### **Proprietary brand ownership**

We own the rights to our proprietary brand “PropNex”, which our Directors believe is an established household name in the real estate industry given that our brand has been around for more than 17 years as well as our strong business presence in the residential market.

Refer to “*Our Business – Our Competitive Strengths*” on pages 113 to 115 of the Prospectus for more information.

Refer to the section entitled “*Our Business – Awards and Accreditations*” of the Prospectus on pages 115 to 116 for further details.

Refer to the section entitled “*Our Business – Intellectual Property*” of the Prospectus on pages 119 to 123 for further details.

Our brand ownership and our established reputation has brought us potential business partners who are keen on working with us to expand our business in the South East Asia region. We have entered into the master franchise agreement with our master franchisee in Indonesia as well as entered into the licensing agreement with our master licensee in Malaysia to expand our business and brand presence in the region. In addition, we believe that our reputation has also allowed us to attract customers and recruit marketing agents who have come to associate our Group as a quality service provider. Our Directors believe that our established brand name and reputation puts our Group in a good stead in carrying out our business plans to expand our real estate agency business in the region.

Over the years, we have also received numerous accolades and awards from various independent bodies in recognition of our reputation in delivering professional real estate agency services. We are one of the few real estate agencies in Singapore to be ranked for Enterprise 50 awards. We have also been featured by local media and regularly hold seminars open to the public to raise awareness of our Group.

In order to protect our brand, we have registered our brand as a trademark in numerous countries such as Singapore, Malaysia, Indonesia, Thailand, Laos, Myanmar, Cambodia, Vietnam, the Philippines and India.

#### **Asset light and resilient business model**

We are a pure play integrated real estate services group with real estate brokerage, project sales and marketing, property management, training and real estate consultancy services which adopt an asset light model without direct exposure to physical properties. Our resilient business model enables us to reap benefits of property upcycles and remain sustainable during property down cycles.

#### **Strong Partnership with JLL**

Our strong partnership with JLL, one of the largest global real estate services group, generates opportunities for us to market local projects overseas as well as international projects, locally. This enables our Group to be able to ride the property cycles of different countries and this has made our business more vibrant in terms of our offerings and more resilient as we are no longer solely reliant on the Singapore property market.

In addition, we have an advantage because we are able to tap on JLL's business expertise and global network as well as access to their detailed business reports on the property markets across the globe. This has enabled us to reach out to a larger market, provide specific and tailored services to our customers, and assisted us in expanding our brand overseas.

#### **Experienced and committed key management team**

Our management team has extensive industry knowledge, experience and operational expertise. The majority of our management team have an average of more than 19 years of experience in the real estate industry, and have prior to their coming together under the PropNex umbrella, worked with each other in various capacities. Furthermore, the reputation and track record of our management team have assisted us in establishing close working relationships with our partners in the industry. We have built a vast network of established property developers with long-standing relationships from diverse sectors. Both of these are key to our continued growth.

Our management team is supported by our strong team of technical professionals and sales personnel who have worked closely with them prior to the founding of our Group. Our team of experienced sales personnel supports our key management in building a vast network of long-standing relationships with property developers and in providing strong local market expertise to our customers.

Refer to the section entitled "*Directors, Management and Staff – Directors*" of the Prospectus on pages 140 to 146 for further details.

Our business strategies and future plans entail the following:

**Enhancing competitiveness and operations of our real estate brokerage business**

We are one of the leading real estate agencies in Singapore and we intend to further strengthen our market position by recruiting more qualified and productive salespersons, developing more effective training programmes to continuously improve the competitiveness of our salespersons and further improving upon our administrative support system that we offer. We will also continue to allocate more capital and resources to our real estate project marketing business to maintain our relationships with developers and to increase our market share. We intend to set aside approximately S\$8.0 million from the net proceeds from the Offering and the issuance of the Cornerstone Shares for these purposes.

**Local and regional expansion through franchising, licensing or mergers and acquisitions**

We intend to expand our PropNex presence locally and regionally. Following our regional expansion into Indonesia and Malaysia through franchise/licensing arrangements, we aim to further strengthen our market share in countries where we currently have a business presence, as well as develop new business opportunities in countries and regions where we do not already have a business presence (such as Vietnam, Cambodia, the Philippines and other South-east Asian countries), through franchising, licensing, strategic alliances, joint ventures or mergers and acquisitions, our Group hopes to strengthen its market position, value-add and expand into new markets. We intend to set aside approximately S\$12.0 million from the net proceeds from the Offering and the issuance of the Cornerstone Shares for our expansion.

**Expansion of our range of business services**

To meet our goal of being a one-stop shop real estate service provider, we may expand our range of businesses services through suitable acquisitions of and investments in related businesses. We believe that suitable acquisitions and investments will bring about greater economies of scale and give us access to new markets and prospective clients, as well as new businesses, hence providing an impetus for our future growth.

We have recently expanded our business services to include real estate consultancy services, which comprises of auctions and corporate sales services and investments or en bloc services. In addition, we are also exploring the possibility of expanding into the provision of valuation services, research and marketing services and corporate leasing services.

We intend to set aside approximately S\$7.0 million from the net proceeds from the Offering and the issuance of the Cornerstone Shares to finance the expansion of our range of business services.

**Increasing productivity through enhancement of our technological capabilities**

We currently provide technology to help our salespersons increase their productivity. We intend to continue to improve our technological support to our salespersons to increase their productivity and to maintain our service excellence. We intend to utilise S\$6.0 million from the net proceeds from the Offering and the issuance of the Cornerstone Shares to such end.

Refer to “*Prospects, Business Strategies and Plans – Business Strategies and Future Plans*” on page 129 of the Prospectus for more information.

Please refer to the section entitled “*Our Services – Real Estate Brokerage – Facilities and support for our salespersons*” on page 101 of the Prospectus for further details.



**WHAT ARE THE KEY TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS WHICH ARE REASONABLY LIKELY TO HAVE A MATERIAL EFFECT ON US?**

Barring unforeseen circumstances, we have observed that our business, prospects, results of operations and financial performance will be affected by the following trends:

- (a) general economic and market conditions which will have an impact on the real estate industry as a whole and on the demand for our real estate brokerage services;
- (b) changes to laws, regulations and policies regulating the real estate industry;
- (c) the degree of competition in the real estate industry;
- (d) our ability to execute our business strategies and future plans;
- (e) our ability to retain and grow our existing salesperson base; and
- (f) expected increase in other expenses for FY2018 due to:
  - (i) incremental annual costs and compliance costs associated with our listing such as directors' and audit fees; and
  - (ii) one-off listing expenses which are expected to be expensed off in FY2018.

**The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in the sections entitled "Risk Factors" on pages 35 to 52, "Management's Discussion and Analysis of Results of Operations and Financial Position" on pages 55 to 71 and "Prospects, Business Strategies and Plans – Business Strategies and Future Plans" on page 129 of the Prospectus.**

In addition to the sections referred to on the left, refer also to "Cautionary Note on Forward-Looking Statements" on pages 16 to 17 of the Prospectus for more information.

**WHAT ARE THE KEY RISKS WHICH HAD MATERIALLY AFFECTED OR COULD MATERIALLY AFFECT US AND YOUR INVESTMENT IN OUR SECURITIES?**

We consider the following to be the most important key risks which had materially affected or could materially affect our business operations, financial position and results, and your investment in our Shares.

**We are dependent on Singapore's property market and are exposed to its market forces.** In particular, our real estate brokerage business is dependent on factors such as the number of property transactions completed and projects launched, and transaction prices. Notably, a significant portion of our revenue is derived from taking a commission on each property transaction that our salespersons broker. Consequently, we may be adversely affected by factors, out of our control, that reduce transaction volumes or sales prices and rental rates in the Singapore property market such as (i) the level of household income and disposable income, (ii) prevailing sales prices and rental rates and the future outlook of sales prices and rental rates, (iii) vacancy rates, (iv) the availability and affordability of mortgage financing to purchase homes and the willingness of borrowers to incur mortgage loans to finance property purchases, (v) the number of foreigners or expatriates in Singapore who require rental accommodation and (vi) any change in Singapore's cultural predisposition towards property ownership or rentals.

**Our business is dependent on the availability of mortgage financing.** Our real estate brokerage business is particularly exposed to the level of mortgage approvals. Historically, low levels of mortgage approvals have had a direct correlation with the number of properties that we broker. Any reduction (or perceived reduction) in mortgage loan availability or in the affordability of mortgage products for prospective property buyers could result in a decrease in the volume of residential property sales transactions in Singapore, which could have a material adverse effect on our business, prospects, results of operations and financial performance.

Refer to "Risk Factors" on pages 35 to 52 of the Prospectus for more information on risk factors.

<p><b>We are subject to government policies, laws and regulations with which we may be found to be non-compliant, and changes in government policies, laws or regulations may affect our business and profitability.</b> Regulators, in particular, the CEA, can conduct industry-wide investigations into certain products, selling practices or other aspects of the business of entities supervised by that regulator. Such inquiries or investigations could result in adverse publicity for, or negative perceptions of, us and affect our relationships with regulators as well as current and potential customers and salespersons. They may also cause our management’s attention to be diverted and additional expenses to be incurred. In addition, changes in government policies, laws, regulations and/or industry codes of conduct in Singapore may significantly decrease the number of residential property transactions and may increase the cost or reduce the profitability of providing services related to such transactions.</p> <p><b>The above are not the only risk factors that had a material effect or could have a material effect on our business operations, financial position and results, and your Shares. Please refer to the section entitled “Risk Factors” on pages 35 to 52 of the Prospectus for a discussion on other risk factors and for more information on the above risk factors. Prior to making a decision to subscribe for the Offering Shares, you should consider all the information contained in the Prospectus.</b></p>	<p>Refer to “<i>Government Regulation and Licensing</i>” on pages 130 to 139 of the Prospectus for more information.</p>
---	--

**WHAT ARE THE RIGHTS ATTACHED TO THE SECURITIES OFFERED?**

<p>As at the date of this Prospectus, the issued and paid-up share capital of our Company is S\$18,098,167 divided into 307,100,000 Shares. Upon the allotment of the New Shares which are the subject of the Offering and the Cornerstone Shares, the resultant issued share capital of our Company will be increased to S\$58,983,167 comprising 370,000,000 Shares.</p> <p>As at the Latest Practicable Date, we have only one (1) class of shares in the capital of our Company. The rights and privileges of our Shares are stated in our Constitution. There are no founder, management or deferred shares reserved for issuance for any purpose.</p> <p>The New Shares and the Cornerstone Shares shall have the same interest and voting rights as our existing Shares that were issued prior to the Offering and there are no restrictions on the free transferability of our Shares except where required by law or the Listing Rules as described in the section entitled “<i>Shareholders – Moratorium</i>” of the Prospectus. As at the Latest Practicable Date, to the best knowledge of our Directors, no person has been, or is entitled to be, given an option to subscribe for or purchase any securities of our Company or our subsidiaries.</p>	<p>Refer to “<i>Share Capital</i>” on pages 81 to 83 and “<i>Appendix C – Description of our Shares</i>” on pages C-1 to C-5 of the Prospectus for more information.</p>
---	--

**HOW WILL THE PROCEEDS OF THE OFFER BE USED?**

<p>Based on the Offering Price, we will raise gross proceeds of approximately S\$40.9 million from the issuance of the New Shares and the Cornerstone Shares. The estimated net proceeds from the issuance of the New Shares and the Cornerstone Shares (after deducting estimated expenses in relation to the Offering of approximately S\$2.9 million) will be approximately S\$38.0 million.</p> <p>We will not receive any proceeds of the sale of Vendor Shares by the Vendors.</p>	<p>Refer to the section entitled “<i>Use of Proceeds and Offering Expenses</i>” on pages 28 to 30 of the Prospectus for more information.</p>
--	---

We intend to use the net proceeds from the issuance of the New Shares and the Cornerstone Shares as follows:

Use of Proceeds	Estimated amount (\$ million)	Estimated amount allocated for each dollar of the gross proceeds raised from the issuance of the New Shares and the Cornerstone Shares (cents)	As a percentage of the gross proceeds from issuance of the New Shares and the Cornerstone Shares (%)
Local and regional expansion through mergers and acquisitions, joint ventures and partnerships strategy	12.0	29.3	29.3
Enhancement of real estate brokerage business	8.0	19.6	19.6
Expansion in range of business services	7.0	17.1	17.1
Enhancement of technological capabilities	6.0	14.7	14.7
Working capital purposes	5.0	12.2	12.2
<b>Net Proceeds</b>	<b>38.0</b>	<b>92.9</b>	<b>92.9</b>
<b>Estimated expenses incurred in connection with the Offering</b>			
Professional fees	1.1	2.7	2.7
Underwriting and placement commission	1.2	2.9	2.9
Miscellaneous expenses (including listing fees)	0.6	1.5	1.5
<b>Total</b>	<b>40.9</b>	<b>100.0</b>	<b>100.0</b>

**WILL WE BE PAYING DIVIDENDS AFTER THE OFFER?**

We currently do not have a fixed dividend policy. We wish to reward our Shareholders for participating in the growth of our Group. Accordingly, our Board intends to recommend and distribute dividends of at least 50% of our announced net profit after tax attributable to the owners of the Company (excluding exceptional items) for the period from the Listing Date to 31 December 2018 and FY2019. Investors should note that the foregoing statements are merely statements of our present intention and shall not constitute legally binding obligations on our Company or legally binding statements in respect of our future dividends (including those proposed for the period from the Listing Date to 31 December 2018 and for FY2019), which may be subject to modification (including reduction or non-declaration thereof) in our Directors' sole and absolute discretion. Investors should also not treat the proposed dividends for the period from the Listing Date to 31 December 2018 and for FY2019 as an indication of our future dividend policy.

Please also refer to the section entitled "Risk Factors – Risks relating to our industry, business and operations – We may not be able to pay dividends" at page 51 of the Prospectus for the risk factor relating to our ability to declare dividends in relation to the Shares.

Refer to the section entitled "Dividend Policy" on page 31 of the Prospectus for more information.

## DEFINITIONS

“Additional Shares”	:	An aggregate of 8,500,000 Shares that the Stabilising Manager may, pursuant to the Over-allotment Option, purchase from the Over-allotment Providers
“Award Shares”	:	The Shares which may be issued or transferred upon the release of the share awards granted pursuant to the PropNex Performance Share Plan
“CEA”	:	Council for Estate Agencies
“CPD”	:	Continuing professional development
“Controlling Shareholder”	:	A person who (a) holds directly or indirectly 15.0% or more of the total number of issued shares in the company (excluding treasury shares) (the SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder) or (b) in fact exercises control over a company
“Cornerstone Shares”	:	The Shares which are to be issued pursuant to the cornerstone subscription agreements entered into with the cornerstone investors
“Directors”	:	The directors of our Company as at the date of this Prospectus
“FY”	:	Financial year ended or, as the case may be, ending 31 December
“Independent Market Research Consultant”	:	Frost & Sullivan GIC Malaysia Sdn Bhd
“JLL”	:	Jones Lang LaSalle Incorporated
“JLLPC”	:	Jones Lang LaSalle Property Consultants Pte Ltd
“Latest Practicable Date”	:	6 June 2018, being the latest practicable date prior to the lodgement of the Prospectus with the Authority
“Listing Date”	:	The date of commencement of dealing in our Shares on the SGX-ST
“New Shares”	:	The 12,900,000 Shares for which our Company invites applications to subscribe pursuant to the Offering
“Offering Shares”	:	Shares offered by our Company and the Vendors in the Offering comprising the New Shares and the Vendor Shares (subject to the Over-allotment Option)
“Option Shares”	:	The Shares which may be issued pursuant to exercise of options granted under the PropNex Employee Stock Option Scheme
“Over-allotment Option”	:	The over-allotment option granted to the Issue Manager, Underwriter and Placement Agent, exercisable by it as stabilising manager as described in the section entitled “Plan of Distribution – Over-allotment Option” in the Prospectus
“Over-allotment Option Providers”	:	Mr. Nizam Muddin Gafoor, Mr. Alan Lim and Mr. Kelvin Fong
“Placement”	:	The international placement of 40,375,000 Offering Shares to investors, including international and other investors in Singapore subject to and on the terms and conditions set out in this Prospectus
“Public Offer”	:	The offer of 2,125,000 Offering Shares to the public in Singapore for subscription at the Offering Price, subject to and on the terms and conditions set out in this Prospectus
“Stabilising Manager”	:	UOB Kay Hian Private Limited
“Vendors”	:	P&N Holdings Pte. Ltd., Mr. Nizam Muddin Gafoor, Mr. Alan Lim and Mr. Kelvin Fong
“Vendor Shares”	:	29,600,000 Shares offered by the Vendors in the Offering

## CONTACT INFORMATION

### WHO CAN YOU CONTACT IF YOU HAVE ENQUIRIES RELATING TO OUR OFFER?

#### HOW DO YOU CONTACT US?

<b>The Company</b>	:	PropNex Limited
<b>Registered Office Address</b>	:	480 Lorong 6 Toa Payoh #10-01 HDB Hub Singapore 310480
<b>Telephone Number</b>	:	+65 6820 8000
<b>Website</b>	:	<a href="https://www.propnex.com">https://www.propnex.com</a>
<b>Issue Manager, Underwriter and Placement Agent</b>	:	UOB Kay Hian Private Limited
<b>Address</b>	:	8 Anthony Road #01-01 Singapore 229957
<b>Telephone No.</b>	:	(65) 6535 6868