

ASX Market Release

29 January 2021

PropTech Group Limited Delivers Strong Operational Cash Flows in Second Quarter of FY21

The PropTech Group Limited (ASX: PTG) (formerly Real Estate Investar Group Limited ASX: REV) ("**Company**" or "**PropTech Group**"), a leading investor in and operator of PropTech companies in Australia, the United Kingdom, and New Zealand is pleased to release its Appendix 4C and Activities report for the three months to 31 December 2020 ("**Second Quarter**," "**Q2**" or "**Q2 FY21**").

Q2 Highlights

The Company achieved significant operational and corporate restructuring milestones during the Second Quarter, strengthening the business and positioning it well for continued strong growth.

Operational milestones achieved include:

- Delivered positive adjusted operational cashflows of \$459,000 (after adjusting statutory cashflow for one-off costs associated with the acquisition of RECRM, relisting on the ASX, and the repayment of historical debts);
- Collected receipts from customers of \$2.7m in Q2, an increase over the \$2.4m delivered in the first quarter of FY21;
- Had \$12.2m in cash on hand as of 31 December 2020;
- Enhanced its leadership team through the hiring of several experienced industry executives;
- Continued to invest in product development and innovation; and
- Commenced investigation of several acquisition opportunities.

Corporate restructuring milestones achieved include:

- Acquired market-leading real estate sales CRM MyDesktop and next-generation sales CRM VaultRe via the special purpose vehicle Real Estate CRM Pty Ltd ("**RECRM**");
- Successfully raised \$10.6 m in capital via oversubscribed broker firm and priority offers;
- Retired historical operational payables through a combination of equity and cash payments; and
- Successfully re-complied with listing rules Chapter 1 and 2 to be reinstated on the ASX in Nov 2020.

Joe Hanna, CEO of the PropTech Group, commented: "We are happy with the Company's underlying performance. During Q2, we managed to deliver strong corporate and operational results. At the same time, we acquired RECRM, relisted on the ASX, and successfully raised \$10.6 m. We also delivered \$459,000 in positive operational cash flow, strengthened the leadership team, and continued to migrate customers from the old MyDesktop software to VaultRE.

Now that the acquisition, restructuring and capital raising activities have been completed, we are focusing on building the CRM business through new customer acquisition, creating new revenue streams and identifying new acquisition opportunities.”

Basis of Preparation

The acquisition by the Company (the legal parent) of RECRM (the legal subsidiary) is deemed to be a reverse acquisition under the principles of AASB 3 “Business Combinations” since the substance of the transaction is such that the existing shareholders of RECRM are deemed to have effectively acquired the Company. As a result of the reverse acquisition, RECRM is considered the accounting acquirer, and the Company is deemed to be the accounting acquiree.

Therefore, the Financial Information in this Appendix 4C and Activities Report for the period ended 31 December 2020 has been prepared according to AASB 3. This means RECRM has been accounted for July 2020 – December 2020 (Year to Date) and October 2020 – December 2020 (Q2 FY21), while PTG has been consolidated for November and December 2020.

The financial information in the accompanying Appendix 4C and this Activities Report has not yet been reviewed by the Company’s auditors.

Operating Cashflows

On a statutory basis, in Q2 FY21, the Company had a negative net cash flow from operating activities of \$514,000.

However, management believes that the use of an adjusted net cash flow from operations provides a better representation of the business's underlying performance. Therefore, the Company had a positive net cash flow of \$459,000 for the quarter on an adjusted basis.

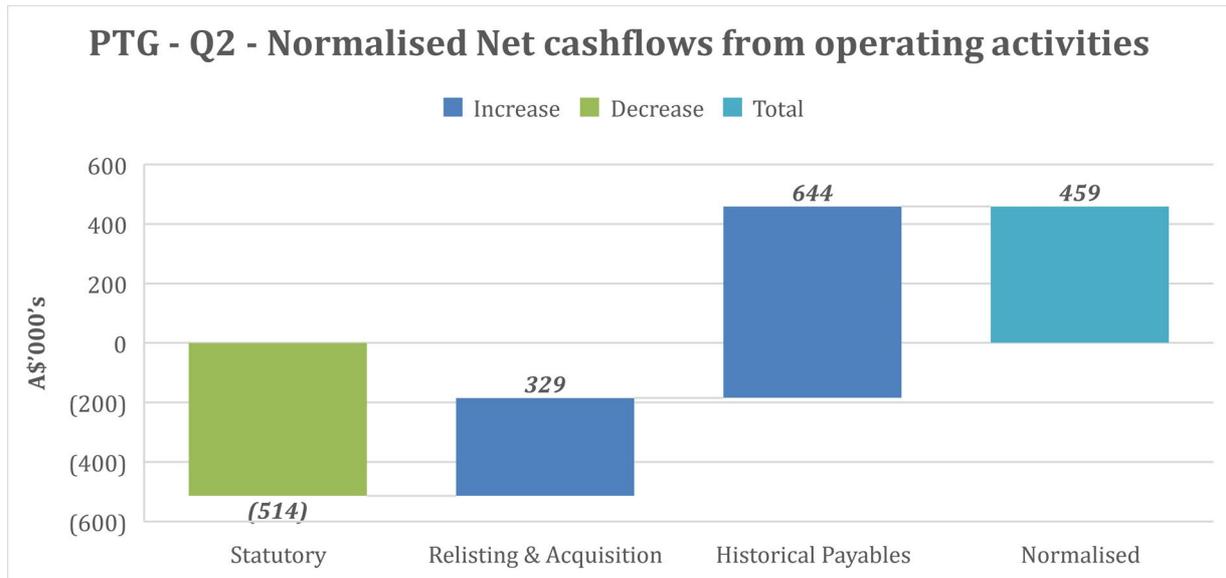
The adjusted net cash flow is calculated after removing one-off costs related to the acquisition of RECRM, relisting on the ASX, and historic debt repayment.

The chart and table below provide a further breakdown of the reconciliation of statutory net cash flows from operating activities to adjusted net cashflows.

PTG - Q2 - Adjusted net cash flows from operating activities - Q2 Reconciliation		Q2 A\$ '000's
Statutory net cash flows from operating activities		(514)
Adjustments		
Relisting & Acquisition		329
Historical Payables		644
Adjusted net cash flows from operating activities		459

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Financing Cashflows

The success of the \$10.6 m capital raise along with the existing cash balance, allows the PropTech Group to apply the funds towards the future commitments due such as the deferred and contingent consideration due to Domain Holdings Australia Limited (\$9,000,000) for the acquisition of MyDesktop, and towards the Company's growth strategies.

**** ENDS ****

Release of market announcement authorised by Joe Hanna, CEO and Managing Director.

Contact Details

Joe Hanna
CEO and Managing Director
The PropTech Group
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About the PropTech Group

The PropTech Group is an Australian listed company that focuses on investing in and operating PropTech companies that primarily serve the Australian, United Kingdom, and New Zealand real estate markets.

Key assets include:

- the market-leading real estate sales CRM software MyDesktop and VaultRE in Australia and New Zealand;
- VaultEA in the United Kingdom;
- Real Estate Investar; and
- Rent Find Inspector.

Significant customers include Ray White and Raine and Horne in Australia and Century 21 in the United Kingdom.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

PropTech Group Limited (previously Real Estate Investar Group Limited)

ABN

39 141 276 959

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,662	5,149
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(682)	(1,378)
(c) advertising and marketing	(21)	(23)
(d) leased assets	-	-
(e) staff costs	(930)	(1,832)
(f) administration and corporate costs	(1,448)	(1,770)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	(95)	(318)
1.7 Government grants and tax incentives	-	54
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(514)	(118)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(6)	(16)
(d) investments	-	-
(e) intellectual property	(174)	(303)
(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	319	319
2.6	Net cash from / (used in) investing activities	139	-
Note:			
2.5 Other: In line with AASB 3 reverse acquisition accounting, PropTech Group Limited's opening cash balance taken up on business combination.			

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	10,600	10,600
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(768)	(768)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	9,832	9,832

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,728	2,475
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(514)	(118)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	139	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,832	9,832
4.5	Effect of movement in exchange rates on cash held	22	18
4.6	Cash and cash equivalents at end of period	12,207	12,207

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,982	2,728
5.2	Call deposits	9,225	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	12,207	2,728

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	750
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Consulting and director fees relating to the current quarter - \$106k</p> <p>Historical payables relating to consulting, director fees, STI's and data costs - \$644k</p>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(514)
8.2 Cash and cash equivalents at quarter end (item 4.6)	12,207
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	12,207
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	23.7
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 JANUARY 2021

Authorised by: THE BOARD OF PROPTECH GROUP LIMITED

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.