

5 November 2020

The Manager  
Market Announcements Office  
ASX Limited  
20 Bridge Street,  
Sydney NSW 2000

**By E-lodgement**

**Investor Presentation**

**PropTech Group Limited (Company) (ASX:REV)** (previously Real Estate Investar Group Limited) advises that it will be making the attached presentation to brokers and institutional investors today.

Authorised for lodgement on behalf of the Board by:



**Lee Mitchell**  
Company Secretary  
Ph: +61 3 9640 0444



# PROPTech GROUP

Using technology to make all property transactions easier



November 2020

Private and Confidential

## PRESENTERS



Joe Hanna  
Group CEO



Simon Baker  
Chairman

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## Financial data

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## Financial Information

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**01**

## **INTRODUCTION TO PROPTech GROUP**



# Company Overview

## Multiple leading pure-play PropTech SaaS businesses

### Real Estate Agency Services (Real Estate CRM)

Real estate agency business critical software platforms



- Australia's largest real estate agency sales Customer Relationship Management (CRM) and rental Property Management (PM) online software platform
- 26% CRM market share ANZ<sup>1</sup>
- Over 3,150+<sup>2</sup> real estate office subscribers;
- Recurring low churn SaaS business model
- EBITDA profitable
- Operates in AU, NZ and UK
- Over 23 years' in real estate CRM
- 100% owned

90% of Group revenue



### Rentfind Inspector

- Digital property inspection tool for real estate agents
- Over 775 real estate office subscribers across Australia, New Zealand and the United Kingdom (over 250 in the UK)
- Fully integrated with VaultRE
- Over 250 in the UK
- 100% owned

### Other Investments:



- Online home mortgage brokerage platform
- Launched in 2017
- 15% equity interest

### Property Tools (REV)

Make better property investment decisions



- Leading online property investment platform
- IPO in 2015 as REV.ASX
- Voluntary suspension on 3 March 2020 ahead of acquisition and re-compliance
- 150,000+ active members (~1,000 paying members)<sup>3</sup>
- 650,000+ real estate listings
- 10 years of property data
- 100% owned

10% of Group revenue

#### Notes:

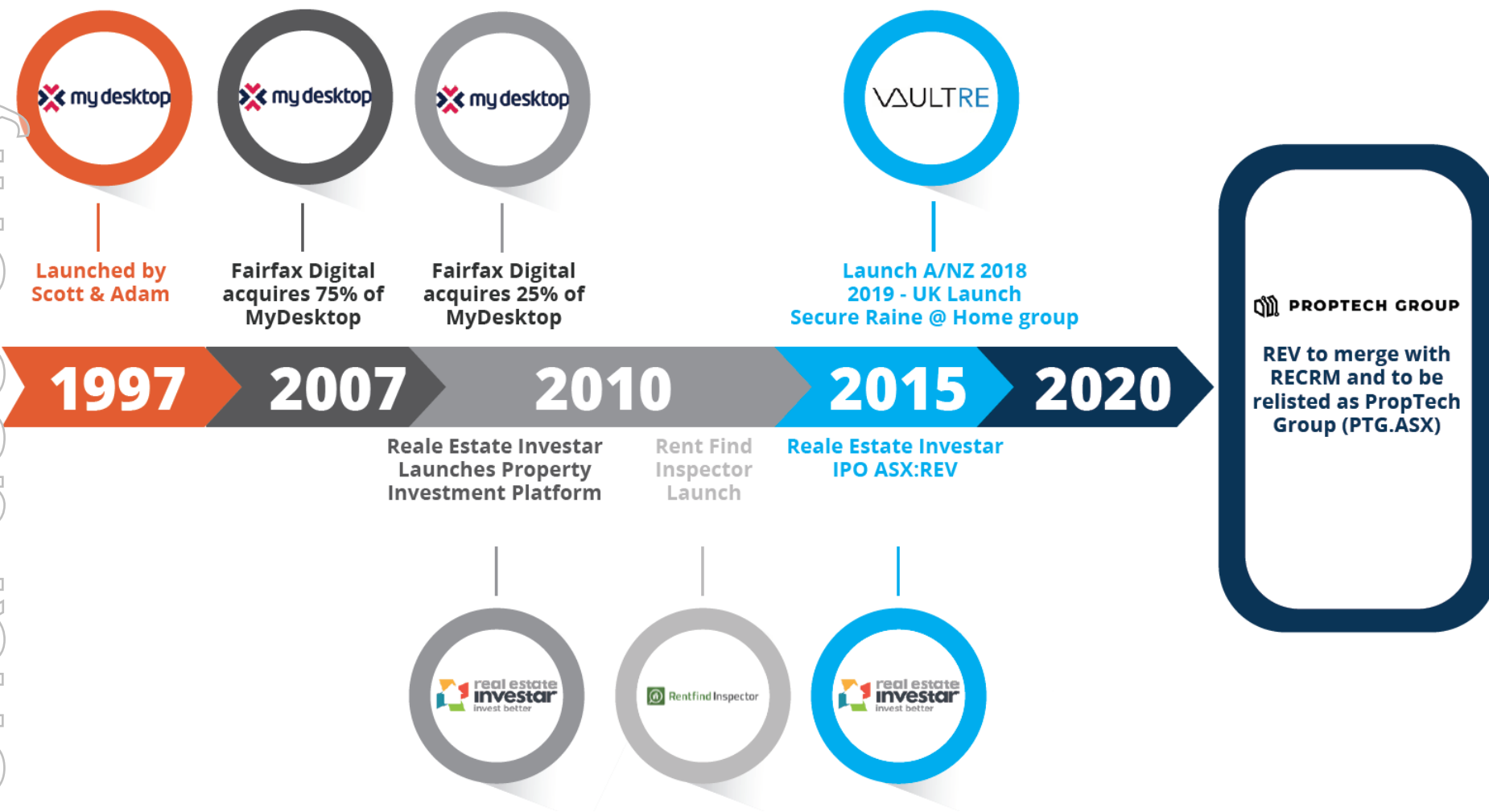
As measured by the number of subscriber offices <sup>2</sup> Subscriber office numbers are as at 31 August 2020 <sup>3</sup> Active and paying members are as at 31 August 2020



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# Corporate History



# PTG Financial Summary

FY20

Pro forma

**\$10.8m**

Revenue

**\$2.2m**

EBITDA

21% EBITDA Margin<sup>1</sup>

**\$3.3m**

Cash on Hand<sup>2</sup>

**90%**  
Percentage of SaaS Revenue in Group

**90%**  
Gross Margin

**~28%<sub>3</sub>**  
Market Share in ANZ by offices

**21%**  
Group EBITDA Margin FY20

**<1%**  
Gross Monthly Churn RECRM ANZ<sup>4</sup>

**~\$200**  
Real Estate Agency business unit monthly ARPA<sup>3</sup>

## Notes:

<sup>1</sup> EBITDA Margin was 30% for the Real Estate Agency Services business unit and 7% for Property Tools

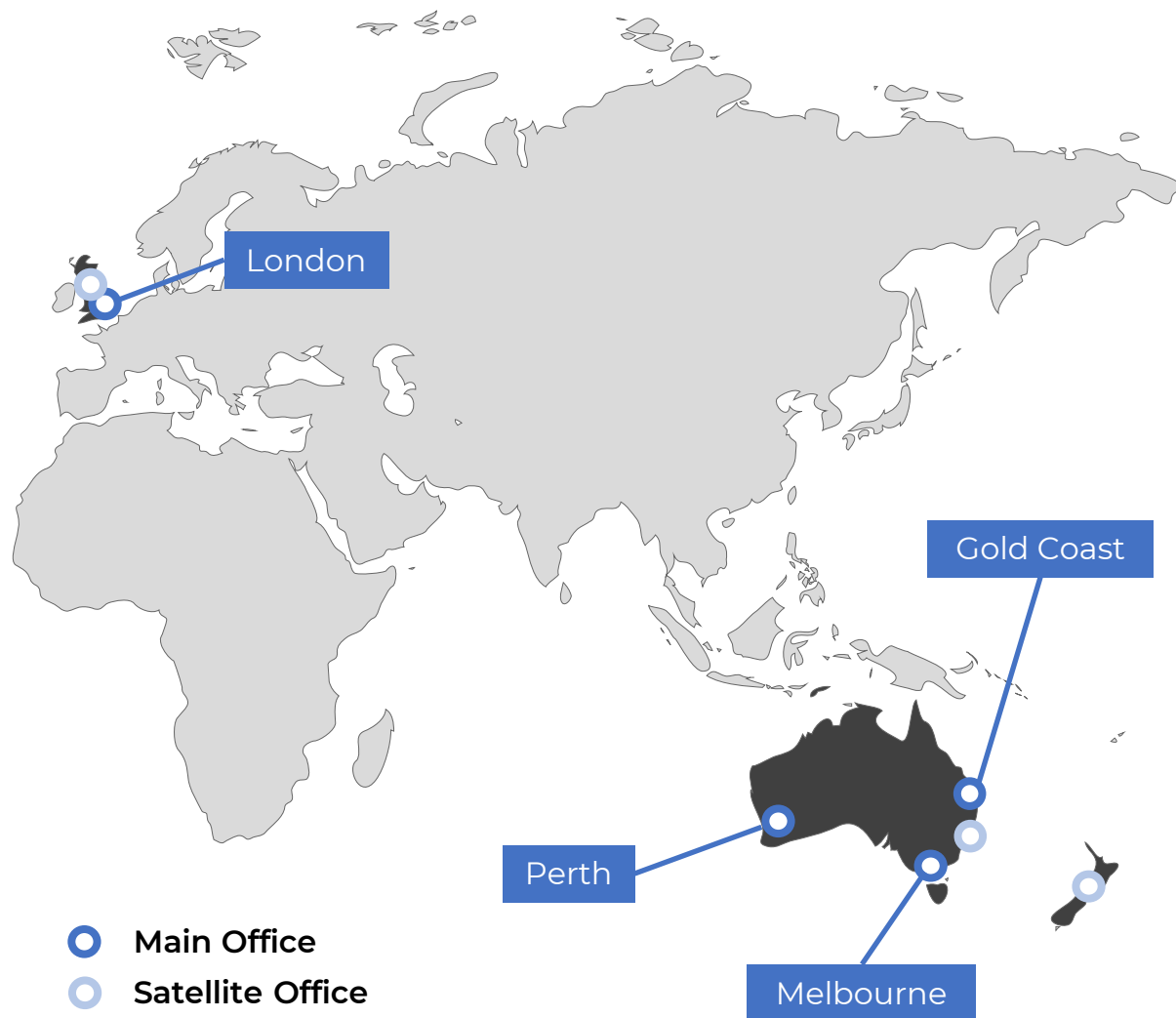
<sup>2</sup> Pro forma as at 30 June 2020, adjusted for the \$9.0m contingent liability payable to Domain Group in staged payments by 30 September 2021, subject to MyDesktop client retention

<sup>3</sup> Number of real estate agencies that subscribe to one of more PropTech Group platforms

<sup>4</sup> As at 31 August 2020

## Geographic Locations

- 51 staff globally
- 3 main Australian offices in Perth, Melbourne and the Gold Coast
- 1 main UK office in London
- 3 satellite offices in AU, NZ and UK
- Australia's CRM market leader (25% share) and second most popular in New Zealand (32 % share)<sup>1</sup>



<sup>1</sup>Source: Frost & Sullivan, 2020





# Investment Highlights

1



Scalable low-churn recurring SaaS revenue base across 3 markets

2



Strong market leadership position provides foundation for growth

3



Expert board & management leadership with proven track record

4



Group currently profitable at EBITDA level

5



Open API + in-house R&D = rapid continuous product innovation

6



Access to deal flow for complementary acquisitions

7



Favourable positioning in the PropTech ecosystem

8



International relationships and expertise across the PropTech sector



**02**

## **BUSINESS OVERVIEW**



# RECRM Overview

Real estate sales CRM and property management products are business critical applications that agencies rely on in order to automate workflows and activities associated with property and lead management.



- MyDesktop was launched in 1997 and grew to become the market-leading real estate sales CRM system in ANZ
- MyDesktop's sales CRM software product provides: contact management, franchise management, listings & sales management, emarketing & leads management, trust accounting & commissions, reporting & analytics, and office management
- Established 23 years ago by founders Scott Wulff and Adam Campbell. Prior to ownership by RECRM, Fairfax Digital (spun-off under Domain Group Holdings) acquired MyDesktop in 2007 (75%) and 2010 (25%)
- Following the acquisition of both MyDesktop and VaultRE by Real Estate CRM in March 2020, existing MyDesktop clients are being progressively transitioned to the VaultRE platform



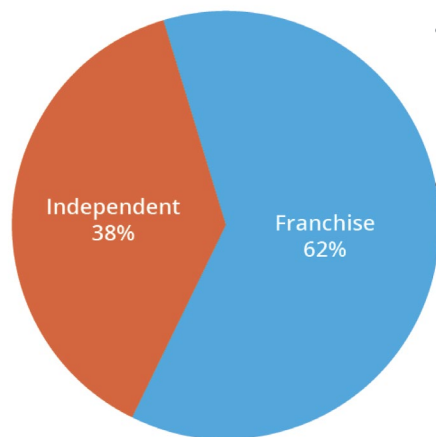
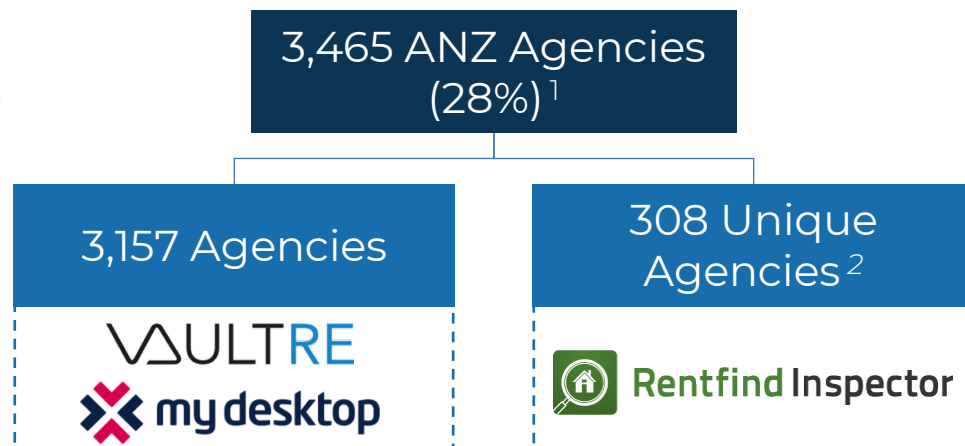
- VaultRE is a next-generation real estate software system built from the ground up to offer both property sales CRM and rental Property Management functionality on the same technology platform
- Developed by the same founders and key senior tech of MyDesktop following their departure from Domain in 2016
- The VaultRE platform has been developed using a modern technology stack and modular approach. It offers a feature-set extending well beyond the traditional sales CRM including advanced workflow automation; open API providing deep two way integration with third party products
- Complete real estate agency business management platform reducing the need for agencies to purchase multiple products from multiple vendors

Click [here to watch VaultRE overview video \(3 mins\)](#)



## Client Base

### Key residential real estate sale agencies in ANZ



- Customers of the sales CRM platforms consist of a mix of franchise groups, individual franchisees and independent offices
- Key franchisee clients include:
  - Ray White franchise group across AU, NZ and Indonesia
  - Raine & Horne (group)
  - Elders (group)
  - PRD
  - Professionals

#### Notes:

<sup>1</sup> 28% of all agencies in ANZ use one at least 1 or more products of PTG

<sup>2</sup> 523 offices real estate office subscribers in ANZ, 308 are unique subscribers.

Key clients include:



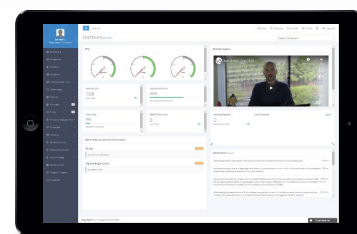
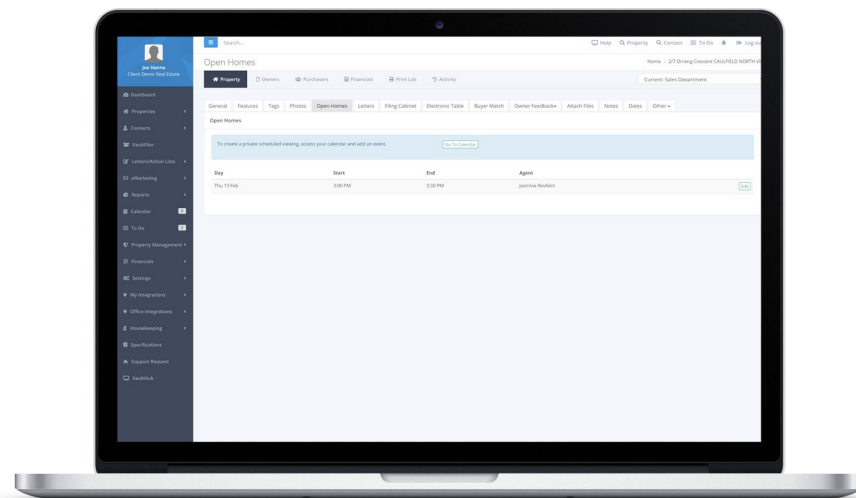
**Raine&Horne.**



# Technology Platform

**VaultRE is a modern technology stack built from the ground up**

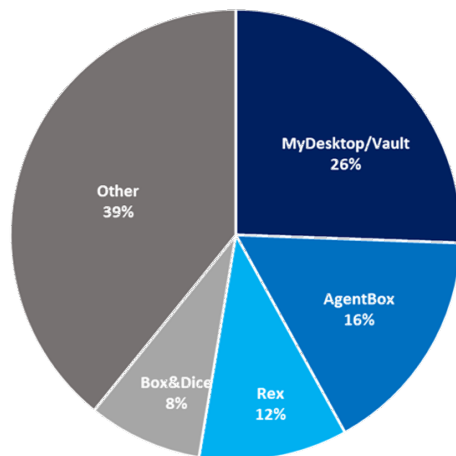
VaultRE



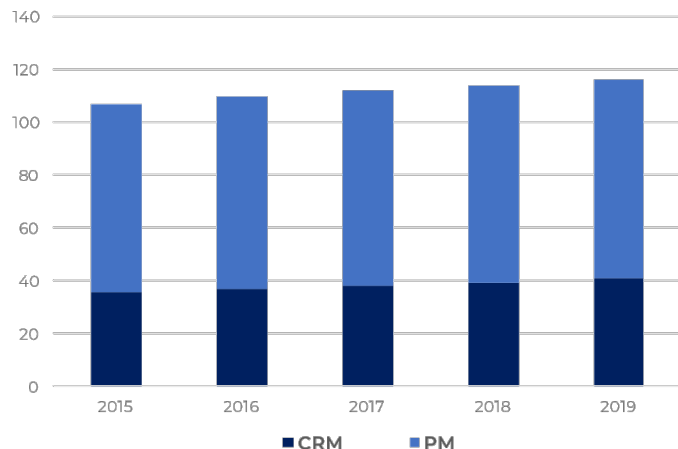
Click [here to watch VaultRE overview video \(3 mins\)](#)

## CRM and PM Sector – AU and NZ

Aust/NZ CRM Addressable Market Share  
(by number of offices)



Aust/NZ Total Market (A\$m)



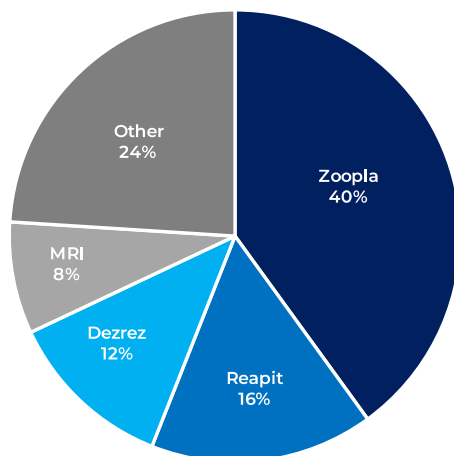
Source: Frost & Sullivan, 2020

### Clear market leading CRM in ANZ

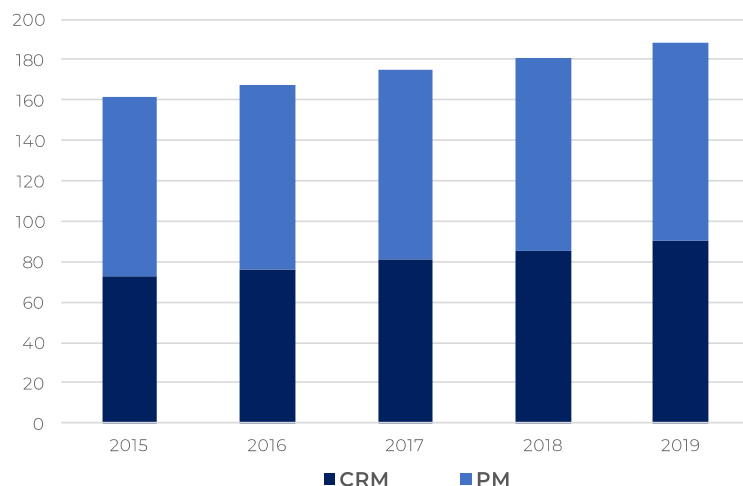
- The ANZ market comprises over 12,000 real estate offices
- MyDesktop/VaultRE is the clear market leader in CRM in ANZ with 26% share by number of offices
- The PM market size in ANZ is approximately 2x the size of the CRM market by revenue
- ANZ market revenue growth has been steady, and determined by agent & office numbers
- Both the CRM and PM markets are relatively fragmented in ANZ
- VaultRE was developed from the ground to offer both sales CRM and PM functionality on a single platform in ANZ
- Approximately 10% of ANZ real estate agents use internal systems

# CRM and PM Sector – United Kingdom

UK CRM Addressable Market Share  
(by number of offices)



UK Total Market (A\$m)



Source: Frost & Sullivan, 2020



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- The United Kingdom represents a significant growth opportunity for PropTech Group
- The UK market comprises over 25,000 real estate offices
- The CRM and PM markets in the UK are approximately the same size, and together are 70% larger than ANZ by value
- UK market revenue growth has been stronger than ANZ over the 5 years to 2019
- Both the CRM and PM markets are relatively fragmented in the UK
- VaultRE has recently launched into the UK as one of the few platforms offering both CRM and PM on a single platform

## Client Testimonials



**Angus Raine**  
Raine & Horne Real Estate  
Executive Chairman

**Raine&Horne®**

"After 13 years on MyDesktop, Raine & Horne transferred across to VaultRE last year... VaultRE is a next generation CRM which can be accessed effortlessly from multiple devices... it has enabled our sales agents to provide industry-best client service... our team can now work anywhere at any time and even when they're offline."



**Greg Hocking**  
Greg Hocking Real Estate  
Director & CEO

**GREG HOCKING**  
REAL ESTATE

"We feel VaultRE is far superior to anything else on the market... it allow us to become even more efficient as we expand our network... after 10 years on MyDesktop, the transition to VaultRE has been incredibly smooth with no negative impact to business as usual activities across our network."



**Adam Gould**  
Gould Estate Agents  
Principal

**Gould**  
ESTATE AGENTS  
RESIDENTIAL SALES AND PROPERTY MANAGEMENT

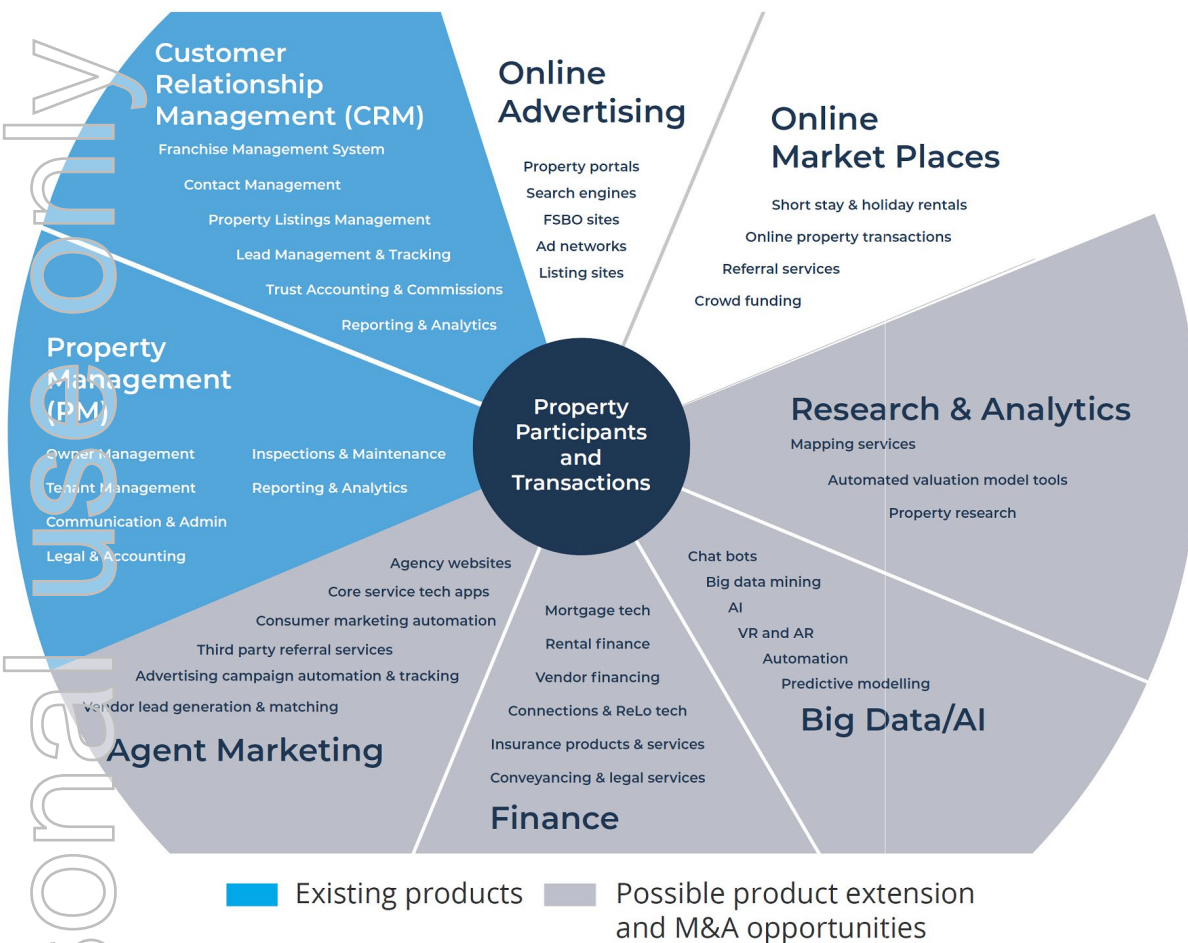
"Our experience with VaultRE has been excellent... the team made us feel comfortable throughout the whole migration process... VaultRE has everything we need and all the tools... we can't thank VaultRE enough for their support."





# Growth Strategy – Opportunity Landscape

## PropTech Group product and service expansion



- The PropTech Group's mission is to be a leading investor in and operator of PropTech companies that primarily serve residential and commercial real estate agents and property managers in selected, high value markets
- To achieve this mission, PropTech Group intends to drive growth through ongoing product expansion and innovation from inhouse R&D along with investment in and acquisition of PropTech companies that:
  - are profitable or have a clear path to profitability
  - are complementary to the existing products and services within the Group
  - help expand its customer base
  - are applicable to its existing customer base
  - are leaders in their market or have a clear path to leadership
  - have a strong, capable management team

# Growth Strategy – Real Estate Agency Services

## Agency Growth

1. Two dedicated new business development teams, focused on selling the Real Estate Agency Services products to real estate agents
2. Expand current footprint to include property management only and commercial real estate only agencies
  - VaultRE offers dual sales CRM and property management modules that can run stand alone as well as fully integrated
3. Recent launch of UK sales and marketing team
  - Significant growth opportunities with 21,500 offices in the UK
4. Seek to secure additional franchise groups network agreements
  - Entire franchise group deals deliver volumes of agencies

## Average Revenue Per Agent Growth

1. Dedicated team focused on upsell and cross sell existing PropTech Group products to existing customer base
  - VaultRE Property Management (Primary focus and strong demand)
  - VaultRE Commercial - commercial sales and rental software
  - RentFindInspector
  - VaultRE New developments and Project Marketing
2. Third-party product sales
  - VaultRE provides selective deep integration of select third-party products into the existing VaultRE platform, providing them a channel to market
3. Comparative pricing
  - Historically low price rises for MyDesktop



## Board of Directors



### **SIMON BAKER** – Non-Executive Chairman

Simon is a 25-year digital industry expert. He is a thought-leader, investor, presenter & adviser across the proptech sector globally. Simon was the founding MD of realestate.com.au (REA.ASX) at its IPO on ASX. He was also the Chairman of Mitula (MUA.ASX) and iProperty (IPP.ASX) before they were acquired. Prior to the RECRM Acquisition, Simon was the Non-Executive Chairman of REV and a Non-Executive Director of RECRM.



### **JOE HANNA** – Executive Director and Group Chief Executive Officer

Joe has 20 years' experience in proptech & digital classifieds. He has been a founder & director of a number of start-up technology companies including LatamAutos (LAA.ASX), Mitula (MUA.ASX), PredictiveMatch and xLabs. Earlier in his career, Joe held various senior management & technology roles at Fairfax Digital (FXJ.ASX) for 8 years'. Prior to the RECRM Acquisition, Joe was an Executive Director of both REV and RECRM.



### **SCOTT WULFF** – Executive Director and General Manager – CRM

Scott has over 30 years' corporate and propetch experience. He was the co-founder and developer of MyDesktop in 1997 (with Adam Campbell) before the buisness was acquired by Fairfax/Domain in the late 2000s. After leaving Fairfax/Domain in 2016, Scott & Adam developed VaultRE as a next-generation real estate CRM and PM platform. Prior to the RECRM Acquisition, Scott was an Executive Director of RECRM.



### **SAM PLOWMAN** – Non-Executive Director

Sam has over 25 years' corporate experience across proptech, fintech and the digital sector. He is the current CEO and co-principial at Payment Logic. Earlier in his career, Sam held senior positions at ANZ, NAB, Sandstone Technologies and Fairfax/Domain, where he led the acquisition of MyDesktop in the late 2000s. Prior to the RECRM Acquisition, Sam was a Non-Executive Director of both REV and RECRM.



### **GEORG CHMIEL** – Non-Executive Director

Georg has over 25 years' experience in growth businesses, especially in the real estate and proptech sectors. He is currently the Executive Chairman of Juwai-IQI and iCarAsia (ICQ.ASX), and a Non-Executive Director of Centrepont Alliance (CAF.ASX). Georg was previously the MD of iProperty and a Non-Executive Director of Mitula. Prior to that, he was global MD of the LJ Hooker Group and CFO at realestate.com.au (REA.ASX).



# Executive Team



## **MICHEAL FIORENZA** – Group Chief Financial Officer

Michael has over 13 years' international experience in finance & accounting, with the last 5 years' focused on the proptech sector. He is the CFO of Real Estate Investar (REV.ASX), and previous CFO of the VC fund CAV Investment Group. Earlier in his career, Michael held a range of accounting & finance roles in Australia and offshore including at Aurizon (AZJ.ASX), Suncorp (SUN.ASX) and Mattel (MAT.NASDAQ).



## **ADAM CAMPBELL** – Technology Director

Adam has over 22 years' experience in the proptech sector. He was the co-founder and developer of MyDesktop in 1997 (with Scott Wulff) before the business was acquired by Fairfax/Domain in the late 2000s. After leaving Fairfax/Domain in 2016, Adam & Scott developed VaultRE as a next-generation real estate CRM and PM platform. Adam has close working relationships with the major real estate franchise groups across ANZ.



## **DAVID JAMES** – General Manager – Rentfind Inspector

David has 20 years' experience in the proptech sector. He joined MyDesktop in 2000 focused on core product development until the business was acquired by Fairfax/Domain. David joined the Vault team in 2016 to manage the development and rollout of Rentfind Inspector in both Australia and the UK. Earlier in his career, he worked in banking and IT in the UK.



## **CHRISTIAN SCANDURRA** – Sales Director – UK

Christian has over 15 years' proptech experience in Australia and the UK. From 2007 to 2014, he was the Sydney-based Sales Manager for MyDesktop. Christian then relocated to the UK and successfully launched Rentfind Inspector and VaultRE into that market. Earlier in his career, Christian was a real estate agent in Australia and Europe, which gave him a strong knowledge of the technology requirements of the sector.



## **MATTHEW HEALY** – Chief Technology Officer

Matt has over 13 years' experience in the proptech sector. He was the co-developer of MyDesktop from 2007 to 2016. Matt also co-founded the VaultRE platform and is responsible for the third-party technology integrations, commercial property system requirements, and the franchise management systems across the business.



**03**

## **OFFER DETAILS**



# Sources and Use of Funds

## Offer size to raise \$10.6 million

Item	A\$'000	%
<b>Sources of Funds</b>		
Estimated cash reserves as at date of the Prospectus	2,844	21.2%
Cash proceeds from the Offer	10,600	78.8%
<b>Total Funds Available</b>	<b>13,444</b>	<b>100%</b>
<b>Uses of Funds</b>		
Payment of Deferred Consideration to Domain (\$2.0m)	9,000	67.0%
Growth Capital	2,960	22.0%
Repayment of unpaid outstanding accrued remuneration entitlements of KMP	355	2.6%
Costs of the offer	1,129	8.4%
<b>Total Use of Funds</b>	<b>13,444</b>	<b>100%</b>

### Notes:

1. This table is a statement of current intentions as at the date of the Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.
2. The Board is satisfied that upon completion of the Cash Offers, the Company will have sufficient funds available from the proceeds of the Offers and its operations and sufficient working capital to fulfil the purposes of the Offers and carry out its stated business objectives as outlined in Section 8.7. of the Prospectus.
3. The use of further debt or equity funding will be considered by the Board where it is appropriate to accelerate a specific project or strategy.
4. \$2.0m deferred and up to \$7.0m contingent liability payable to Domain Group in staged payments by 30 September 2021, subject to MyDesktop client retention.



# Shareholding Structure

Holder	Shares held immediately prior to the Offers on a post Consolidation basis		Shares held following Completion of the Offers	
	Shares (000s)	%	Shares (000s)	%
Simon Baker <sup>1</sup>	3,924	33.7%	10,419	8.6%
Other Directors and Senior Management <sup>1</sup>	1,431	12.3%	30,619	25.2%
Other Existing Shareholders	6,305	54.0%	6,305	5.2%
To be issued pursuant to the RECRM Sellers under the RECRM Consideration Offer			31,562	26.0%
To be issued to new investors pursuant to the Cash Offers			42,400	35.0%
<b>Total</b>	<b>11,660</b>	<b>100%</b>	<b>121,304</b>	<b>100%</b>

## Notes:

<sup>1</sup> Includes shares issued under the Conversion Offer but does not take into account shares that Directors and senior management may subscribe for under the Cash Offers

Board and senior management will hold 33.8%

Shares issued under the Cash Offers represent 35.0%

Free float on completion 39%

# Escrow Conditions

Class of Escrowed Shareholder	Shares held on Reconciliation	Number of Escrowed Shares	% of issued capital subject to escrow on compliance	Escrow Period
Directors and CFO under the RECRM Consideration Offer and the Conversion Offer)		15,788,288	13.1%	2 years from Reconciliation
RECRM Sellers subject to voluntary escrow arrangements (VaultRE Founders)	19,449,540	19,449,540	16.1%	2 years from Reconciliation
Other RECRM Sellers	31,006,284	31,006,284	25.6%	1 year from Reconciliation
Professional advisers/consultants	1,000,000	1,000,000	0.8%	2 years from Reconciliation
<b>Total Shares Escrowed for 12 Months</b>		<b>31,006,284</b>	<b>25.5%</b>	<b>1 year from Reconciliation</b>
<b>Total Shares Escrowed for 24 Months</b>	<b>36,237,828</b>	<b>36,237,828</b>	<b>29.9%</b>	<b>2 years from Reconciliation</b>
<b>TOTAL</b>		<b>67,244,112</b>	<b>55.4%</b>	

The table on the left shows the Shareholders or classes of Shareholders have entered into ASX mandatory escrow agreements and voluntary escrow agreements, or, if applicable, will be given restriction notices, in relation to a total of approximately 67,244,112 Shares in which they (or their associated entities) will hold a relevant interest on Completion of the Offers.

Shares granted go Directors and CFO under the RECRM Consideration Offer and the Conversion Offer Shares along with will be escrowed for 24 months.

Vault Group Founders have extended their 12-month mandatory escrow to 24 months.





# Key Offer Information

## KEY OFFER INFORMATION

Securities Offered	42,400,000 New Shares
Cash Offer Price	\$0.25 per New Share
Gross cash proceeds from Cash Offers	\$10.6 million
Total number of Shares on issue on Completion of the Offers	121,304,420 (approximate)
Total number of Options on issue on Completion of the Offers	778,750
Free Float <sup>1</sup>	39.0%
Indicative market capitalisation at the Cash Offer Price <sup>2</sup>	\$30.3 million
Ownership by the RECRM Sellers on completion of the Offers	53.5%
Ownership by investors under the Retail Offers and Institutional Offer on Completion of the Offers	35.0%
Pro forma net cash on Completion of the Offers <sup>3</sup>	\$12.3 million
Enterprise Value at the Completion of Offers <sup>4</sup>	\$27.0 million

### Notes:

<sup>1</sup> Free float shares mean the percentage (or amount) of the Shares that are not restricted securities or subject to voluntary escrow and are held by non-affiliated security holders (persons who are not directors or substantial shareholders)

<sup>2</sup> Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on issue immediately following Completion of the Offer

<sup>3</sup> Refer to Section 5 of the Prospectus for components of pro forma net cash

<sup>4</sup> The indicative enterprise value is calculated as indicative market capitalisation at the Cash Offer Price plus Deferred Consideration payable and contingently payable to Domain under the MyDesktop Acquisition, less pro forma net cash on completion of the Offers

# Key Offer Dates

## IMPORTANT DATES

General Meeting held to approve the RECRM Acquisition and the Offers	30 September 2020
Lodgement of Prospectus with ASIC (Prospectus Date)	28 October 2020
Retail Offer open	5 November 2020
Retail Offer close	16 November 2020
Issue of New Shares under the Offers and completion of the RECRM Acquisition	19 November 2020
Expected date for despatch of holding statements	19 November 2020
Re-compliance with Chapters 1 and 2 of the ASX Listing Rules	23 November 2020
Re-quotation of Shares including New Shares and Consideration Shares (those not subject to escrow) on ASX.	24 November 2020
Normal T+2 trading anticipated commencing on a post-Consolidation basis and commencement of trading of Shares on the ASX (subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and subject to the ASX agreeing to reinstate the Company's Shares to quotation).	24 November 2020

### Notes:

This timetable is indicative only.

The Company, in consultation with the Lead Manager, reserves the right to vary dates of the Offers (subject to the ASX Listing Rules and the Corporations Act) without prior notice, including to close the Offers early, extend the date the Offers close, accept late Applications or withdraw the Offers and the issue of Shares (in each case without notifying any recipient of the Prospectus or any Applicant).

If the Offers are cancelled before the issue of Shares, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offers open.



# 04

## FINANCIAL INFORMATION



# Pro Forma Historical Income Statement

A\$ '000's, Year Ended 30 June	Notes	FY18	FY19	FY20
Revenue		11,714	10,997	10,787
Cost of sales		(1,744)	(1,139)	(1,103)
<b>Gross Profit</b>		<b>9,970</b>	<b>9,858</b>	<b>9,684</b>
Other Income	1	104	401	380
Data and production costs		(719)	(1,017)	(1,332)
Employee benefits expenses		(5,240)	(5,020)	(4,964)
Legal and professional fees	2	(211)	(293)	(614)
Marketing expenses		(184)	(119)	(101)
Occupancy expenses		(345)	(331)	(231)
General and administration expenses		(904)	(561)	(599)
<b>Total operating expenses</b>		<b>(7,603)</b>	<b>(7,341)</b>	<b>(7,841)</b>
Foreign currency translation differences		(6)	(19)	25
<b>EBITDA</b>		<b>2,465</b>	<b>2,899</b>	<b>2,248</b>
Depreciation and amortisation		(2,022)	(2,354)	(1,932)
<b>EBIT</b>		<b>443</b>	<b>545</b>	<b>316</b>
Finance costs		(6)	(40)	(14)
<b>Profit before income tax</b>		<b>437</b>	<b>505</b>	<b>302</b>
Income tax expense	3	(875)	(727)	(486)
<b>NPAT</b>		<b>(438)</b>	<b>(222)</b>	<b>(184)</b>

## Notes:

- Other income includes the following:
  - R&D tax incentive and other government grants & incentives; and
  - Debt forgiveness in FY19 for the amount of \$235k.
- Legal and professional fees include pro forma adjustments for Relisting & Transaction Costs see table 5.3.
- Tax rates have been adjusted for Commerce Australia from a rate of 30% due to being part of a consolidated tax group under Domain Holdings Australia Limited to a rate of 27.5%, which is the current tax rate of the Company.



## Revenue

- Between FY18 and FY19, SaaS Revenue from the Real Estate Agency Services segment grew slightly (6%). However, overall growth was offset by a decline (41%) in revenues from the Company's Property Tools business unit resulting in a slight decline (2%) in SaaS Revenue for the Group.

- Between FY19 and FY 20, there was an overall increase in SaaS Revenue from the Real Estate Agency Services segment (1%). The Property Tools segment SaaS revenue increased slightly (3%). Overall resulting in a slight increase (1%) for the group in SaaS Revenue.

- Other operating revenue has decreased year on year due largely to a reduction in the amount of consulting and other services able to being charged to customers.

## Cost of Sales

Gross profit margin for Property Tools business unit, increased significantly between FY18 and FY19 (65%) due to a renegotiation of data provider terms.

## Operating Expenses

Decrease in operating expenses FY18 to FY19 (3%) primarily due to cost saving initiatives within the Property Tools business unit (36%).

Growth in FY20 operating expenses compared to FY19 (7%), include pre-synergy costs borne by running MyDesktop and VaultRE following their acquisition, along with the increase in professional fees from appointing a full time CEO and CFO.

## EBITDA

There was strong growth in EBITDA between FY18 and FY19 (18%) primarily due to the decrease in operating expenditure in the Property Tools business unit.

The decrease in EBITDA between FY19 and FY20 (22%) was driven by operating MyDesktop and VaultRE platforms separately in parallel rather extracting little to no synergistic benefits. In addition, there was an increase in operating expenses from appointing a full time CEO and CFO.

## Pro Forma Historical Cash Flows

A\$ '000's, Year ended 30 June	Notes	FY18	FY19	FY20
Receipts from customers		13,554	12,249	11,889
Payments to suppliers and employees	1	(12,705)	(12,675)	(9,417)
Interest received /(paid)		(13)	(50)	(16)
Receipt from R&D claim		261	242	379
Receipt of government grants and tax incentives		-	-	91
Payments of tax		(52)	1	(95)
<b>Cash flow from operating activities</b>		<b>1,045</b>	<b>(233)</b>	<b>2,831</b>
(Purchase) / sale of property, plant and equipment		(1)	1	(12)
Purchase of intangibles		(268)	(137)	(57)
Loans (to) / from related parties	2	(2,371)	(623)	(2,488)
<b>Cash flows from investing activities</b>		<b>(2,640)</b>	<b>(759)</b>	<b>(2,557)</b>
<b>Net cash flow from operating &amp; investing activities</b>		<b>(1,595)</b>	<b>(992)</b>	<b>274</b>

Notes:

1. On the basis that , historically for the periods FY18 , FY 19 and FY 20 (July 2019 until March 2020), Commerce Australia was operated as a division of Domain, payments to suppliers and employees included payment of management and other expenses by Commerce Australia to Domain in relation to operating expenses that were paid by Domain on behalf of Commerce Australia and then on-charged to Commerce Australia at cost..

2. Relates to intra-group transactions which includes transfers of funds between Commerce Australia and Domain.



# Balance Sheet as at 30 June 2020

A\$ '000's	Company's Statutory Historical Balance Sheet 30- June-2020	Real Estate CRM Pro- Forma Historical Balance Sheet 30- June-2020	Conversion of KMP Accrued Entitlements	Impact of the reverse asset acquisition	Consolidation	Impact of Offer	Pro-Forma Historical Balance Sheet 30-June- 2020
Notes			1	2	3	4	
<b>Current assets</b>							
Cash and cash equivalents	369	2,475	-	-	-	9,471	12,315
Trade and other receivables	305	351	-	-	-	-	656
Prepayments	41	-	-	-	-	-	41
<b>Total current assets</b>	<b>715</b>	<b>2,826</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,471</b>	<b>13,012</b>
<b>Non-current assets</b>							
Plant and equipment	3	18	-	-	-	-	21
Deferred tax assets	-	558	-	-	-	-	558
Investments	-	-	-	2,800	(2,800)	-	-
Intangible assets	278	23,133	-	-	3,721	-	27,132
<b>Total non-current assets</b>	<b>281</b>	<b>23,709</b>	<b>-</b>	<b>2,800</b>	<b>921</b>	<b>-</b>	<b>27,711</b>
<b>Total assets</b>	<b>996</b>	<b>26,535</b>	<b>-</b>	<b>2,800</b>	<b>921</b>	<b>9,471</b>	<b>40,723</b>
<b>Current liabilities</b>							
Trade and other payables	1,853	1,035	(499)	-	-	-	2,389
Provisions	64	168	-	-	-	-	232
Current Tax Liabilities	-	146	-	-	-	-	146
Vendor Payables	-	6,000	-	-	-	-	6,000
<b>Total current liabilities</b>	<b>1,917</b>	<b>7,349</b>	<b>(499)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,767</b>
<b>Non-current liabilities</b>							
Provisions	-	111	-	-	-	-	111
Deferred tax liability	-	33	-	-	-	-	33
Vendor Payables	-	3,000	-	-	-	-	3,000
<b>Total non-current liabilities</b>	<b>-</b>	<b>3,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,144</b>
<b>Total liabilities</b>	<b>1,917</b>	<b>10,493</b>	<b>(499)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,911</b>
<b>Net assets</b>	<b>(921)</b>	<b>16,042</b>	<b>499</b>	<b>2,800</b>	<b>921</b>	<b>9,471</b>	<b>28,812</b>
<b>Equity</b>							
Issued capital	13,842	16,159	499	2,800	(13,842)	9,964	29,422
Retained earnings	(15,148)	(132)	-	-	15,148	(493)	(625)
Reserves	385	15	-	-	(385)	-	15
<b>Total equity</b>	<b>(921)</b>	<b>16,042</b>	<b>499</b>	<b>2,800</b>	<b>921</b>	<b>9,471</b>	<b>28,812</b>

Notes to Balance Sheet overleaf



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## Balance Sheet as at 30 June 2020 - Notes

Notes:

1. The portion of the outstanding Accrued Remuneration Entitlements of KMP's being converted into New Shares of the company;
  2. Due to the RECRM Acquisition being deemed a reverse takeover according to accounting standard AASB 3 "Business Combinations " the applicable accounting treatment means that Real Estate CRM is considered to be the accounting acquirer and the Company is considered to be the accounting acquiree, therefore the RECRM Acquisition has been reflected in the Pro Forma Balance Sheet as being calculated based on the notional Fair Value of Shares that would need to be issued by Real Estate CRM to effect the same shareholding in the Combined Group;
  3. As a result, on consolidation Real Estate CRM is considered to be the accounting acquirer and the Company is considered to be the accounting acquiree, resulting in the deemed investment in the Company of \$2.8 million being eliminated on consolidation, which, after elimination of pre-acquisition equity and reserves of the Company, results in expected incremental goodwill and other intangible assets of \$3.7 million. The actual value of goodwill and intangible assets will be determined post Completion and will be based on the Completion date balance sheet of the Company; and
  4. Represents expected amounts raised as a result of the Offers of \$10.6 million, less anticipated costs associated with the Re-compliance and the Offers of approximately \$1.2 million.
- No adjustment has been made to reflect potential working capital and net debt adjustments at Completion as these are not expected to be material.

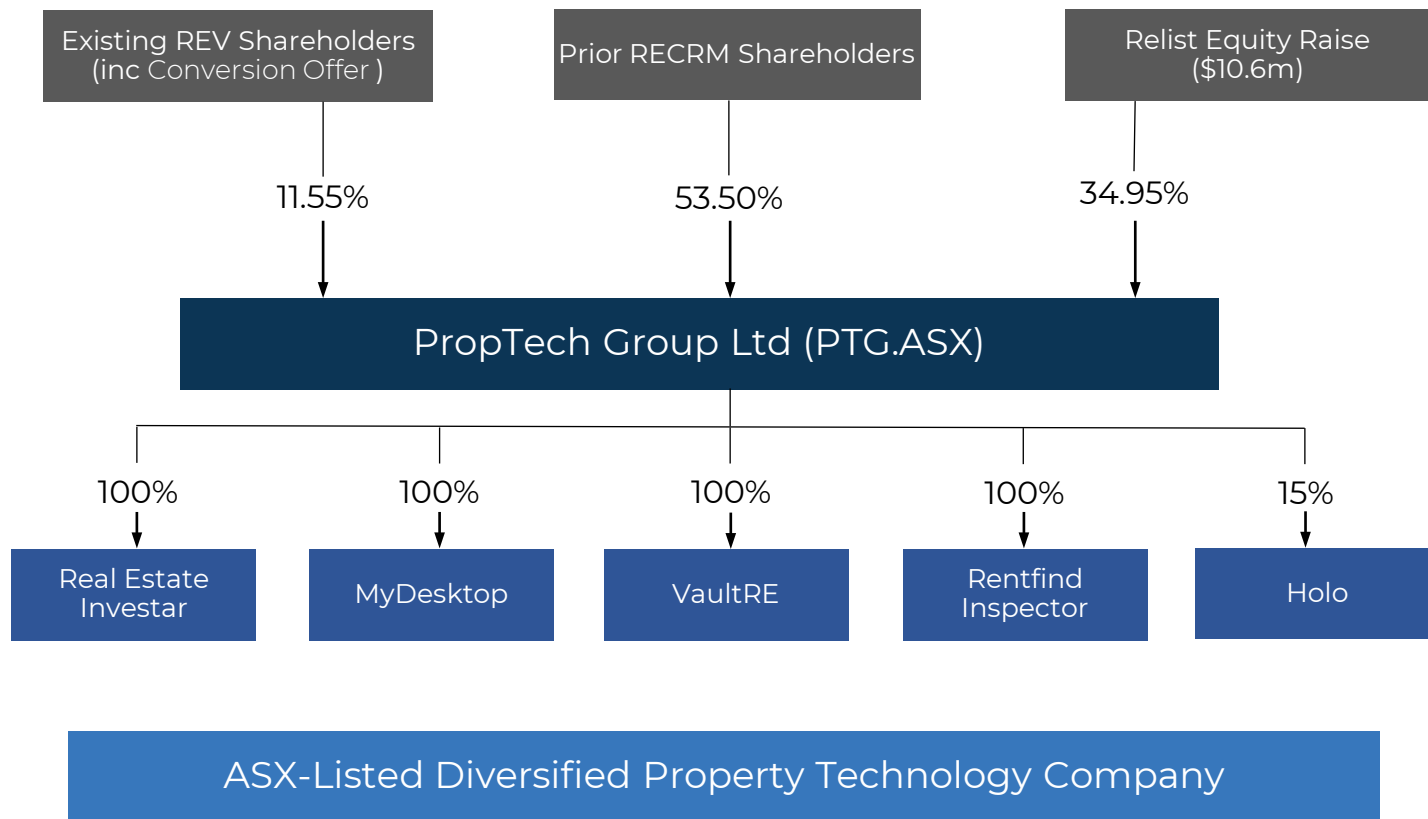


# 05 APPENDIX





## Post-RECRM Acquisition





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