

28 June 2021

ASX release

PropTech Group announces equity raising of up to ~\$17.5 million to fund the acquisition of Eagle Software and other growth initiatives

Transaction highlights

- PropTech Group to acquire Eagle Software, an innovative and modern real estate CRM, website and marketing solution provider, on a cash and debt free basis for \$7.5 million in upfront consideration (cash and scrip) and up to an additional \$7.5 million earn-out based on performance against growth hurdles assessed over the period to May 2022.
- The Acquisition further bolsters the real estate CRM capabilities of PropTech Group and increases its estimated market share to ~38% in Australia and New Zealand¹.
- Cost synergies, with further revenue synergies expected from upsell and cross sell opportunities.
- Transaction represents implied EV / FY21E revenue and EV / FY21E EBITDA multiples of 4.6x and 26.1x respectively if the full earn-out is payable, and 2.3x and 13.0x respectively if the earn-out is not payable (pre synergies).
- The transaction is expected to be EPS accretive on a pro forma FY21E basis, excluding any synergies, one-off costs and costs associated with undertaking the Acquisition and Offer.
- Eagle Software is expected to contribute incremental revenues of ~\$3.3 million and EBITDA of ~\$0.6 million in FY21E (increasing PropTech Group's combined pro forma revenue and EBITDA in FY21E by 30% and 33% respectively).
- The acquisition will be funded by an institutional placement of ~\$7.1 million and a 1-for 8.57 accelerated non-renounceable entitlement offer of up to ~\$10.4 million, together totalling up to \$17.5 million. The institutional component of the entitlement offer (totalling ~\$6.0 million) is fully underwritten.

Acquisition details

PropTech Group Limited (ASX: PTG) (**PropTech Group**) is pleased to announce that it has agreed to acquire Eagle Software Pty Ltd (**Eagle Software**), an innovative and modern real estate CRM, website and marketing solution provider focused on independent, boutique and small multi-office real estate agencies. Eagle Software will be acquired on a cash and debt free basis for \$7.5 million in upfront cash and scrip consideration, comprising approximately \$4.1 million in cash and \$3.4 million in scrip, and up to an additional \$7.5 million earn-out in cash based on achievement against annualised monthly recurring revenue growth hurdles assessed over the period to May 2022 (**Acquisition**). Payment of the earn-out, if any, is due following completion of the FY22 PropTech Group financial statement audit.

¹ Frost & Sullivan (2020) and management estimates

The Acquisition and associated transaction costs will be funded by a combination of:

- a fully underwritten institutional placement of ~\$7.1 million (**Placement**);
- a 1-for-8.57 accelerated non-renounceable entitlement offer of up to ~\$10.4 million (**Entitlement Offer**) comprising:
 - a fully underwritten institutional entitlement offer of ~\$6.0 million; and
 - a non-underwritten retail entitlement offer of up to ~\$4.4 million.
- scrip consideration² (an issue of PropTech Group shares) to Eagle Software's shareholders of approximately \$3.4 million at an implied value of \$0.753 per share based on PropTech Group's 30 trading day VWAP prior to the date of signing the definitive agreement for the Acquisition.

Transaction represents implied EV / FY21E revenue and EV / FY21E EBITDA multiples of 4.6x and 26.1x respectively if the full earn-out is payable, and 2.3x and 13.0x respectively if the earn-out is not payable (pre synergies).³

The Acquisition is expected to complete by late July 2021 and is subject to certain conditions precedent standard for transactions of this nature, including successful completion of the Placement and Institutional Entitlement Offer and no material adverse change to either party.

Overview of Eagle Software

Eagle Software was established in 2014 to provide the real estate industry with listing management, CRM and website solutions. Currently it is used by more than 800 agency offices across Australia and New Zealand.

Strategic rationale

The acquisition of Eagle Software advances PropTech Group's objective to own, operate and invest in high-quality property technology businesses that primarily focus on the Australian, New Zealand and United Kingdom residential and commercial real estate markets.

The Acquisition aligns with PropTech Group's growth strategy and complements its existing enterprise and franchise focused VaultRE platform:

- increasing PropTech Group's market share from 31% to 38%⁴ in the Australian and New Zealand (**ANZ**) real estate CRM market;
- strengthens PropTech Group's product offering by supplementing VaultRE with a market-leading independent agency focused product offering;
- provides PropTech Group's centralized account management team with a larger customer base to penetrate with more product offerings, while strengthening relationships and growing share of wallet; and

² Scrip consideration is subject to a 24-month escrow period from the date it is issued

³ Based on expected pro forma FY21E revenue of \$3.3 million and EBITDA of \$0.6 million for the 12 months ending 30 June 2021

⁴ Market share of agencies using PropTech Group CRM's, ANZ total market size is 12,200 per Frost & Sullivan market report (October 2020)

- strong financial contribution including increasing PropTech Group's revenue by ~30% and EBITDA by ~33% on a combined pro forma FY21E⁵ basis and driving an increase in ARPA via up sell and cross sell opportunities.

Equity raising

PropTech Group has today announced an equity raising of up to ~\$17.5 million comprising the Placement and Entitlement Offer.

The Placement and the Entitlement Offer will, if fully subscribed, result in the issue of up to ~24.3 million new fully paid ordinary shares in PropTech Group (**New Shares**), representing up to ~19.7% of current shares on issue. Each New Share issued under the Placement and Entitlement Offer will rank equally with existing shares on issue.

Ord Minnett Limited is acting as sole Lead Manager, Bookrunner and Underwriter to the Equity Raising.

Placement

The ~\$7.1 million Placement is fully underwritten and will be offered to institutional investors and sophisticated and professional investors at \$0.720 per share, representing a 13.8% discount to the last traded price of \$0.835 on Friday, 25 June 2021. The Placement is being conducted today, Monday, 28 June 2021.

In accordance with a waiver granted by ASX on 16 June 2021, the Placement is within PropTech Group's placement capacity calculated as if PropTech Group's placement capacity under Listing Rule 7.1 is expanded to include the number of PropTech Group shares that may be issued under the underwritten component of the Entitlement Offer, and accordingly no shareholder approval is required in connection with the Placement.

Entitlement Offer

The Entitlement Offer to raise up to ~\$10.4 million will consist of a 1-for-8.57 accelerated pro-rata non-renounceable entitlement offer, comprising:

- a fully underwritten institutional entitlement offer of ~\$6.0 million (**Institutional Entitlement Offer**); and
- a non-underwritten retail entitlement offer of up to ~\$4.4 million (**Retail Entitlement Offer**).

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 PropTech Group share for every 8.57 shares they hold as at 7.00pm (Sydney time) on Wednesday, 30 June 2021 (the Record Date). All New Shares in the Entitlement Offer will be issued at a price of \$0.720 per New Share which represents:

- a 13.8% discount to the last close price of \$0.835 on Friday, 25 June 2021;
- a 10.3% discount to the 10-day volume weighted average price (**VWAP**) of \$0.802 on Friday, 25 June 2021; and
- a 11.8% discount to the theoretical ex-rights price (**TERP**)⁶ of \$0.816.

⁵ Combined FY21E post acquisition pro forma including PropTech Group and Eagle Software

⁶ TERP is the theoretical price that PropTech Group shares should trade at immediately after the ex rights date for the Entitlement Offer. It is a theoretical calculation only and the actual price at which PropTech Group shares trade immediately after the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP

Entitlements cannot be traded on the ASX or transferred. Eligible shareholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value in respect to those Entitlements not taken up. There is no minimum subscription amount to be raised under the Entitlement Offer.

PropTech Group's shares will remain in a trading halt pending completion of the Placement and the Institutional Entitlement Offer.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which is being conducted today, Monday, 28 June 2021. Eligible institutional shareholders can choose to take up all, part or none of their entitlements under the Entitlement Offer.

Entitlements not taken up by institutional shareholders cannot be traded on market or transferred. Entitlements not taken up by eligible institutional shareholders, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to new and existing institutional shareholders concurrently with the Institutional Entitlement Offer.

Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia or New Zealand will be invited to participate in the Retail Entitlement Offer. The Retail Entitlement Offer will open on Monday, 5 July 2021 and close at 5.00pm (Sydney time) on Thursday, 15 July 2021.

Under the Retail Entitlement Offer, eligible retail shareholders may apply for additional New Shares in excess of their entitlement up to a maximum of 50% of their entitlement under an oversubscription facility (**Oversubscription Facility**). Additional New Shares will only be available under the Oversubscription Facility to the extent that there are entitlements under the Retail Entitlement Offer that are not taken up by eligible retail shareholders. If applicable, the scaleback of applications for additional New Shares under the Oversubscription Facility will be subject to the terms set out in the retail offer booklet.

In the event of a shortfall, the directors of PropTech Group, in consultation with the Lead Manager, reserve the right to place the shortfall at their discretion. Acceptance of entitlements or the placement of any shortfall may result in existing shareholders or new investors increasing their interest in PropTech Group or obtaining a substantial interest in PropTech Group. However, the shortfall, if any, will only be placed to the extent that such placement is in compliance with the takeovers provisions of the Corporations Act 2001 (Cth), which restrict a person and their associates from having a relevant interest in the Company of not more than 20%, subject to a number of exceptions

Further details about the Retail Entitlement Offer will be set out in the retail offer booklet, which PropTech Group expects to lodge with the ASX and dispatch on Monday, 5 July 2021.

is calculated by reference to PropTech Group's closing share price of \$0.835 on 25 June 2021 and includes New Shares issued under the Entitlement Offer and Placement

Director Participation

Directors are expected to participate in the Retail Entitlement Offer component of the Equity Raising to the extent, if any, set out in the cleansing notice to be lodged with ASX at or about the same time as this announcement. Directors of PropTech Group will not participate in the Placement.

As a result of the equity raising and the issuance of scrip under the Acquisition, the relevant interests of each Director in PropTech Group shares will be diluted. Further details of this dilutionary effect will be contained in the Retail Offer Booklet.

Equity Raising Timetable

Activity	Date
Offer Announcement & Transaction Launch	Monday, 28 June 2021
Institutional Offer opens	10:00am, Monday, 28 June 2021
Securityholding Declaration Forms due	2:00pm, Monday, 28 June 2021
Institutional Offer closes (Placement & Entitlement Offer) (all jurisdictions)	3:00pm, Monday, 28 June 2021
Trading Halt lifted and PropTech resumes normal trading	Tuesday, 29 June 2021
Record Date	7:00pm, Wednesday, 30 June 2021
Retail Entitlement Offer opens	Monday, 5 July 2021
Settlement of New Securities issued under the Institutional Offer	Wednesday, 7 July 2021
Allotment of New Securities issued under the Institutional Offer	Thursday, 8 July 2021
Quotation and normal trading of New Securities issued under the Institutional Offer	Friday, 9 July 2021
Retail Entitlement Offer Closes	5:00pm, Thursday, 15 July 2021
Settlement of New Securities issued under the Retail Entitlement Offer	Wednesday, 21 July 2021
Allotment of New Securities issued under the Retail Entitlement Offer	Thursday, 22 July 2021
Quotation and normal trading of New Securities issued under the Retail Entitlement Offer	Friday, 23 July 2021

Joe Hanna, the CEO and Managing Director of PropTech Group commented:

"We are excited to welcome Eagle Software to the PropTech Group family. Together, we will be one of the leading real estate CRM companies in the Australian and New Zealand market, providing our clients with better functionality, more innovation and most importantly, better service and results."

The Eagle Software acquisition is an exciting opportunity for PropTech Group and delivers on our growth strategy. Eagle Software is well aligned with VaultRE, yet focuses on independent, boutique and small multi-office real estate agencies, enabling scaled entry into this sector of the market. The Acquisition solidifies our market position as a major player in Australia and New Zealand with Eagle Software adding over 800 agencies to our

ecosystem. This increased scale provides opportunity for further value creation through synergies and further investment in our brand and customer experience.”

Management Conference Call

A briefing for institutional and retail investors will take place via a conference call at 10:30am (Sydney time) on Monday, 28 June 2021.

Please note attendees are required to pre-register at the link below to join the conference call.

To register:

<https://s1.c-conf.com/diamondpass/10014760-3dgkve.html>

Additional Details

Further details of the Offer are set out in the Investor Presentation provided to the ASX today (**Investor Presentation**). It contains important information including key risks and international offer restrictions with respect to the Placement and the Entitlement Offer.

ENDS

For further information, please contact:

Joe Hanna – Chief Executive Officer and Managing Director
joe@proptech-group.com

This announcement has been authorised for release to ASX by the Board of PropTech Group Limited.

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This announcement is not financial product advice and has not taken into account your objectives, financial situation or needs. This announcement has been prepared for release in Australia. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any jurisdiction in which such an offer would be illegal. The New Shares have not been, nor will be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, to any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

This announcement contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of PropTech Group, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of PropTech Group's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements. No

representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to PropTech Group as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of PropTech Group, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise.