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## Strategic and Operational Update

### ***A Pivot to Australia***

AGM November 2017

(ASX:PCH)

Innovating Real Estate



## AGM DIAL IN DETAILS

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# **A FOCUSED AND INCREMENTAL STRATEGY THROUGH Q4 CY2017 & CY2018**

## **UNDERLYING DRIVERS**

- Capital preservation and disciplined expenditure
- Develop B2B path for monetising first to market technology
- Continued product and technology development
- Focus on the Australian market until first revenues
- Retain optionality over international expansion
- Refresh Management and Board





# THE OPPORTUNITY IN AUSTRALIA

## WHY AUSTRALIA?

- 3 million residential rental properties
- Property services sector is characterised by legacy and fragmented systems, practices and ownership ... ripe for disruption
- Tenants, agents, owners and governments all want a better solution for finding, renting and managing residential property

**We know the market, it is evolving quickly and we can rapidly scale and initiate new products. Once proven in Australia our products can be introduced to international markets. Australia is a real estate technology leader and the best market to finalise product development**

## AUSTRALIAN MARKET SIZE & VALUE CHAIN - RESIDENTIAL

REVENUE

**\$44 bn**

ANNUAL GROWTH

**3.7%**

(2012 – 2017)

EMPLOYMENT

**80,058**

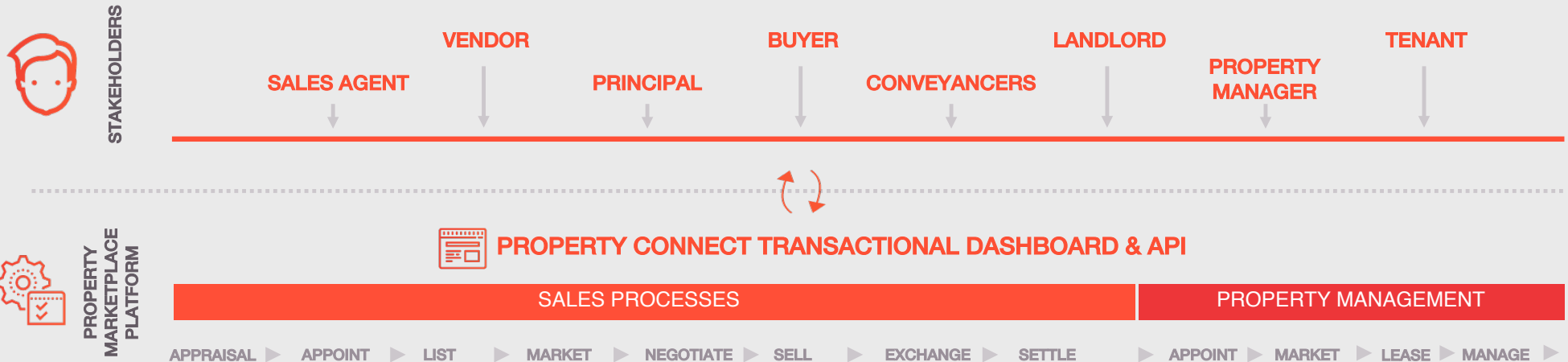
BUSINESS

**52,548**

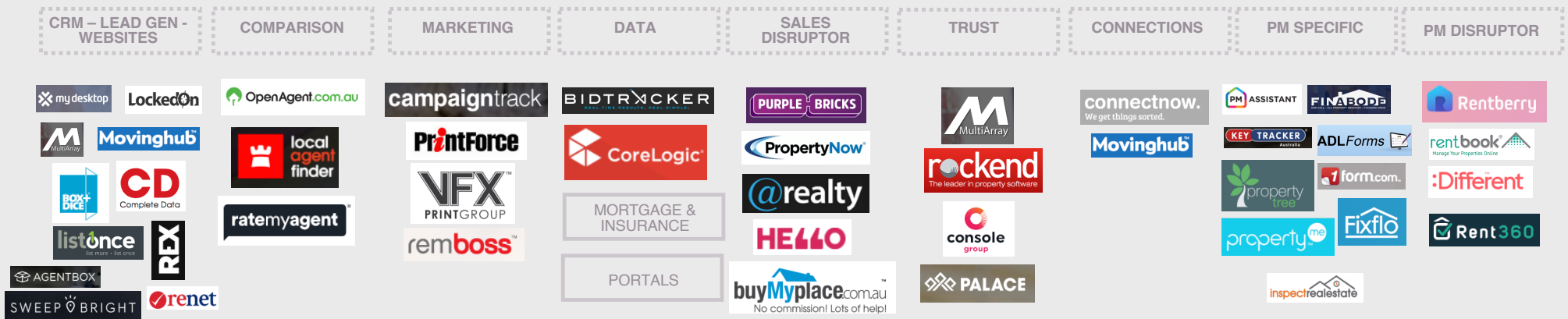
**OWN RENTAL &  
PROPERTY  
MANAGEMENT  
MARKET**

**TRANSITION  
INTO  
ONLINE LiveOffer  
SALES  
Real-time mortgage  
lending + LiveOffer  
SALES**

# MARKET OVERVIEW & OPPORTUNITY



## FRAGMENTED MARKET & SUB-SCALE



# 2017 YTD Operational Update



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## STRATEGY

Downsize US presence while maintaining optionality

Preserve cash and finished minimum viable product in Australia

Initiated live trials in VIC, NSW and WA with multiple agencies and rent rolls

Execute a B2B strategy to achieve scale, access to listings, revenue and transactions – simplify the property management workflow for agents

Obtain necessary licenses to operate

Acquire database of tenants to deliver transparency and value to tenants and landlords

Execute a B2C strategy and open additional revenue line items

Growth - partner / acquire additional product features and revenue opportunities – critical mass, payment opportunities, data opportunities

Refresh Management and Board

## EXECUTION

- Closed US offices in Los Angeles and Miami
- Steps taken to secure control of IP (not business critical)
- Finished LiveOffer minimum viable product

- Begun completing end-end renter experience
- First transactions completed
- Advanced testing undertaken with significant rent rolls – C21 Perth (WA) , Melbourne (VIC); McGrath Lower North Shore (NSW); Hunter – Northern Beaches (NSW);
- Operating Entity established for Australia – Property Connect Operations Pty Ltd

- Recruit on-boarding and community management and marketing functions to scale commercialisation
- Staged roll out across Australia, customer acquisition, data development and JV's

- Darren Patterson interim CEO, additional NED's

## KEY FINANCIALS

### CASH

~ **\$ 545K** (including R&D refund)

### REVENUE TARGETS

- **Q1 CY2018**
- **First Licensing Agreements**

### CAPITAL RAISE

- **Q1 CY2018 | \$1.5M**
- **To fund product integrations and development, sales & marketing and customer acquisition**

### CASH BURN

**\$255K Q3, Directors fees deferred**

**\$301K Q4** (EOY Audit + restructuring legal costs, one off items )

### PCI SHUTDOWN

- **Underway, recover IP**
- **\$50K Legals budgeted Q4**

### INTERNATIONAL EXPANSION

- **Q2-Q3 CY2018**
- **IP licensing and partnerships, subject to funding**

# REVENUE MODELS BEING MARKET TESTED

Landlord Pays – Flat Fee (\$20) +  
Success Fee (2-4% of weekly rent  
annualised)

Agent Pays – Flat Fee (\$100) per  
LiveOffer successfully transacted

Agent Pays – Subscription Model - \$X /  
month / No. Properties

Data Sales – Revenue Share





# PROPERTY MANAGEMENT MARKET PRICING

Premium Services Levels – AirBnB,  
OneFineStay -10%+ service fees for full  
value add

Traditional Property Management 4-7%

Flat Rate Property Management - \$1200  
.inc GST



# COMPARATIVE COMPETITOR PRICING



Trust Accounting  
1800 Properties, \$1799 / month, \$21,588 / pa



Inspections, Living In – 30,000,000  
inspections, \$395 / month, \$180 / month for  
Lead Gen IREDM volume dependent



CRM, Websites, Push to REA and Domain  
Listings, \$520-1500 / month depending on  
no. listings



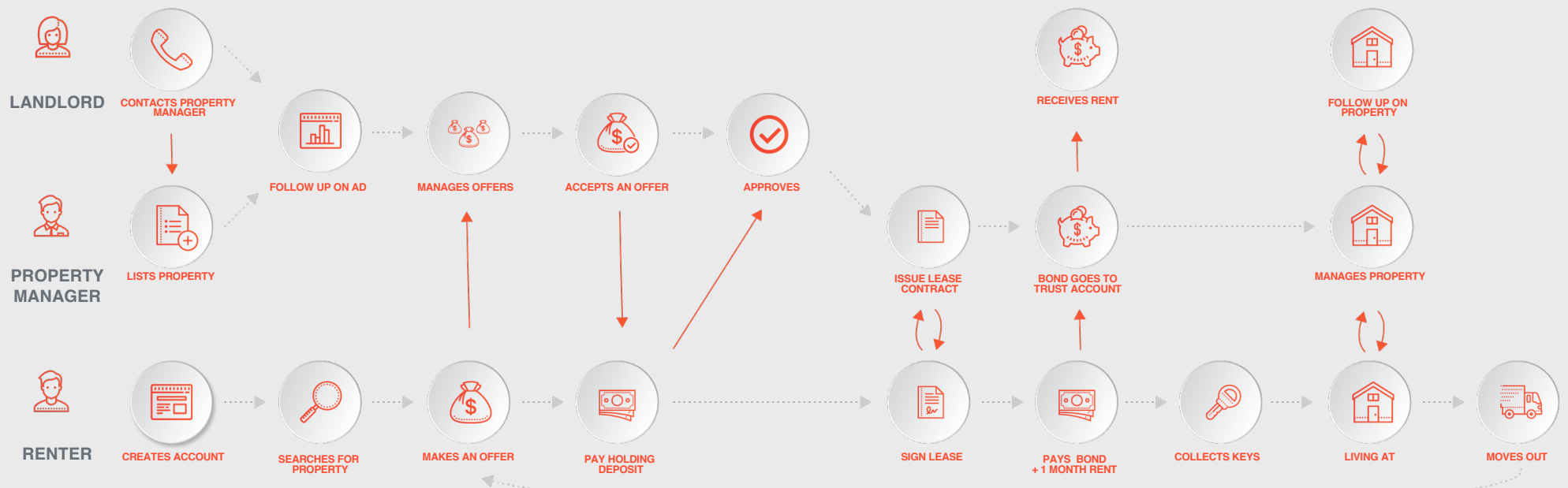
Free Renters Application and Tenant  
checking

# PLATFORM PROGRESS

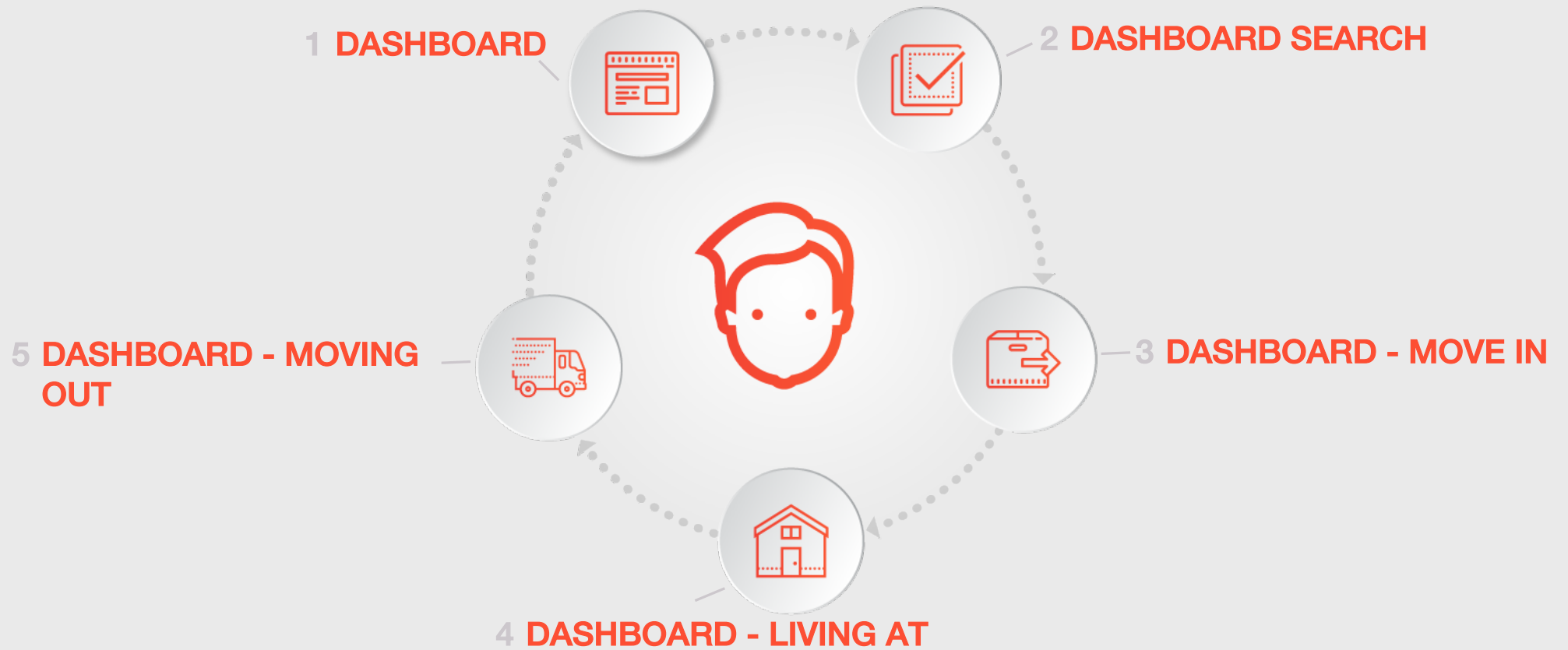


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## LiveOffer JOURNEY



## RENTER DASHBOARD



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## ROAD MAP – RENTERS EXPERIENCE



### My Account

- Dashboard
- My LiveOffers
- My Account
- My Preferences
- My Watchlist
- LiveOffer Code
- Verify – ID/Address/Credit
- Payment

### Book Inspections

- Future
- Past
- Present

### LiveOffer

- Bid - Apply
- Award Lease
- Sign Lease

### Connections

- Power/Water
- Gas/Phone/Internet
- Insurance
- Commission for Data and product sales

### Disconnect

### Condition Report

### Pay Rent

- Report Maintenance
- Periodic Inspection
- Lease Renewal
- Rent Increase
- Contact PM

### Moving Services

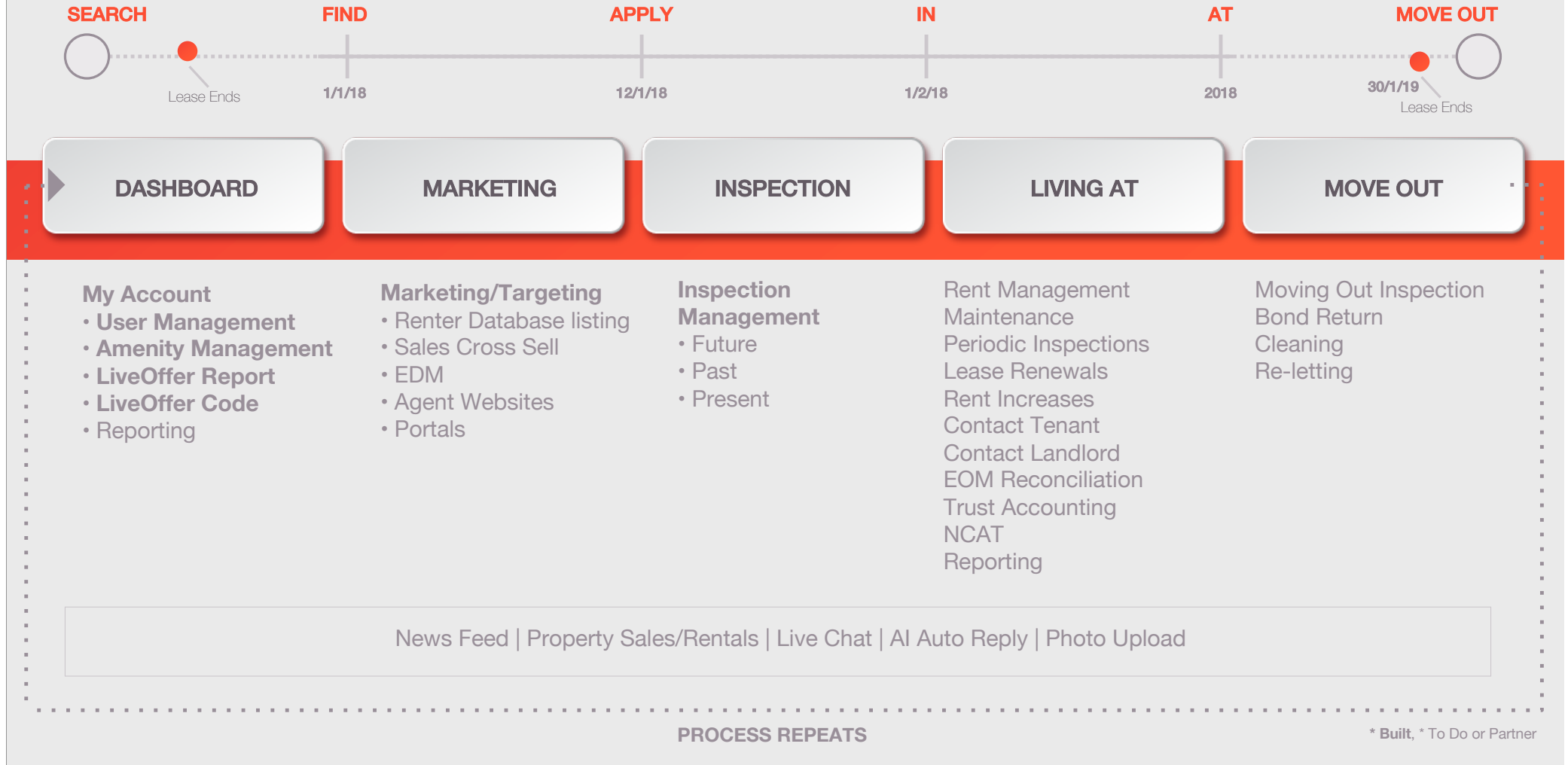
- Cleaning
- Disconnect
- Update Address
- Bond

News Feed | Property Sales/Rentals | Live Chat | AI Auto Reply | Photo Upload

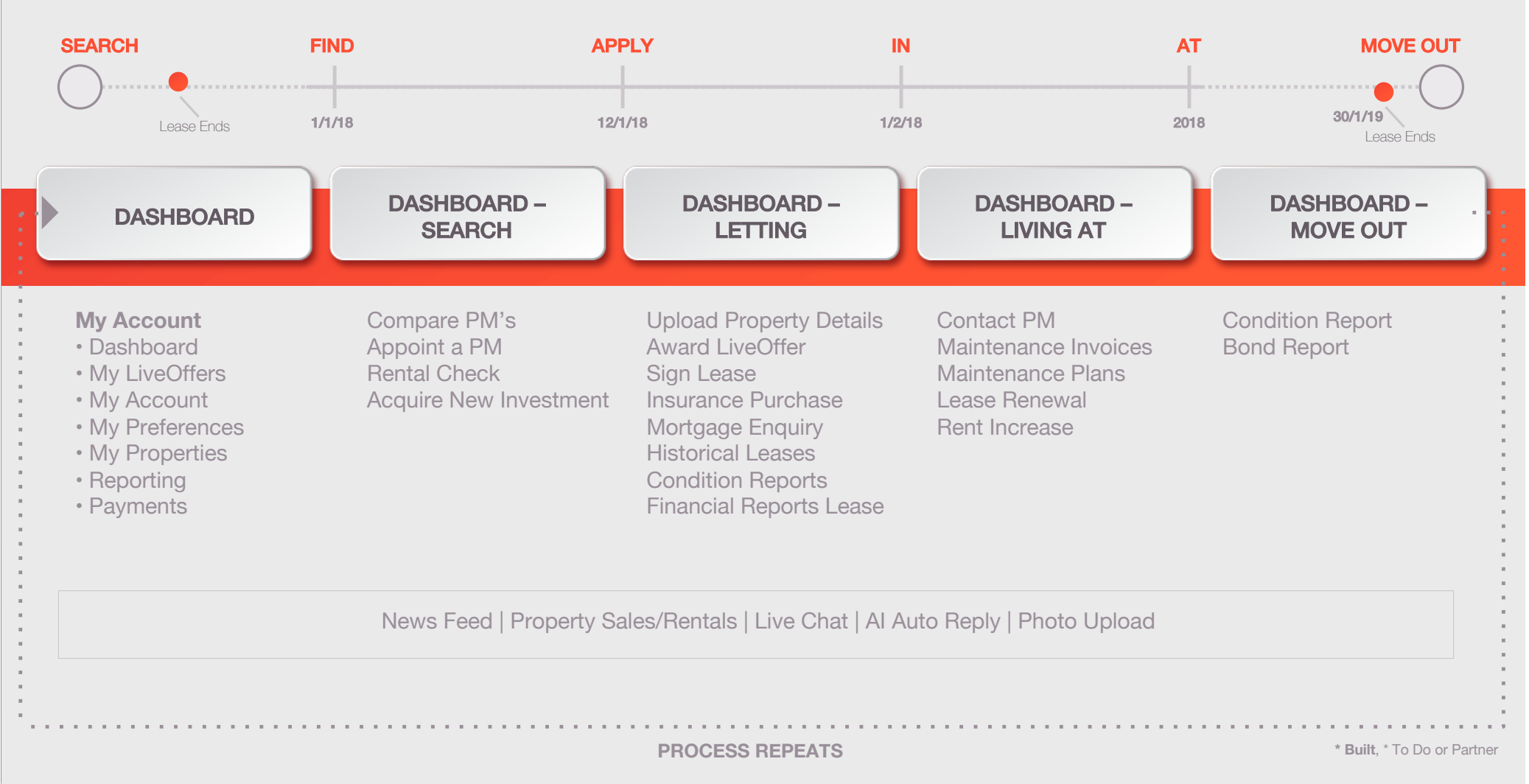
PROCESS REPEATS

\* Built, \* To Do or Partner

## ROAD MAP – PROPERTY MANAGERS EXPERIENCE



# ROAD MAP – LANDLORDS EXPERIENCE





# STRATEGY RECAP

Complete product  
development and integrations

Invest in Sales & Marketing

Rapid Customer Acquisition

Additional Product & Revenue  
Opportunities

Partnerships & M&A Bolt-ons

## Contact Us

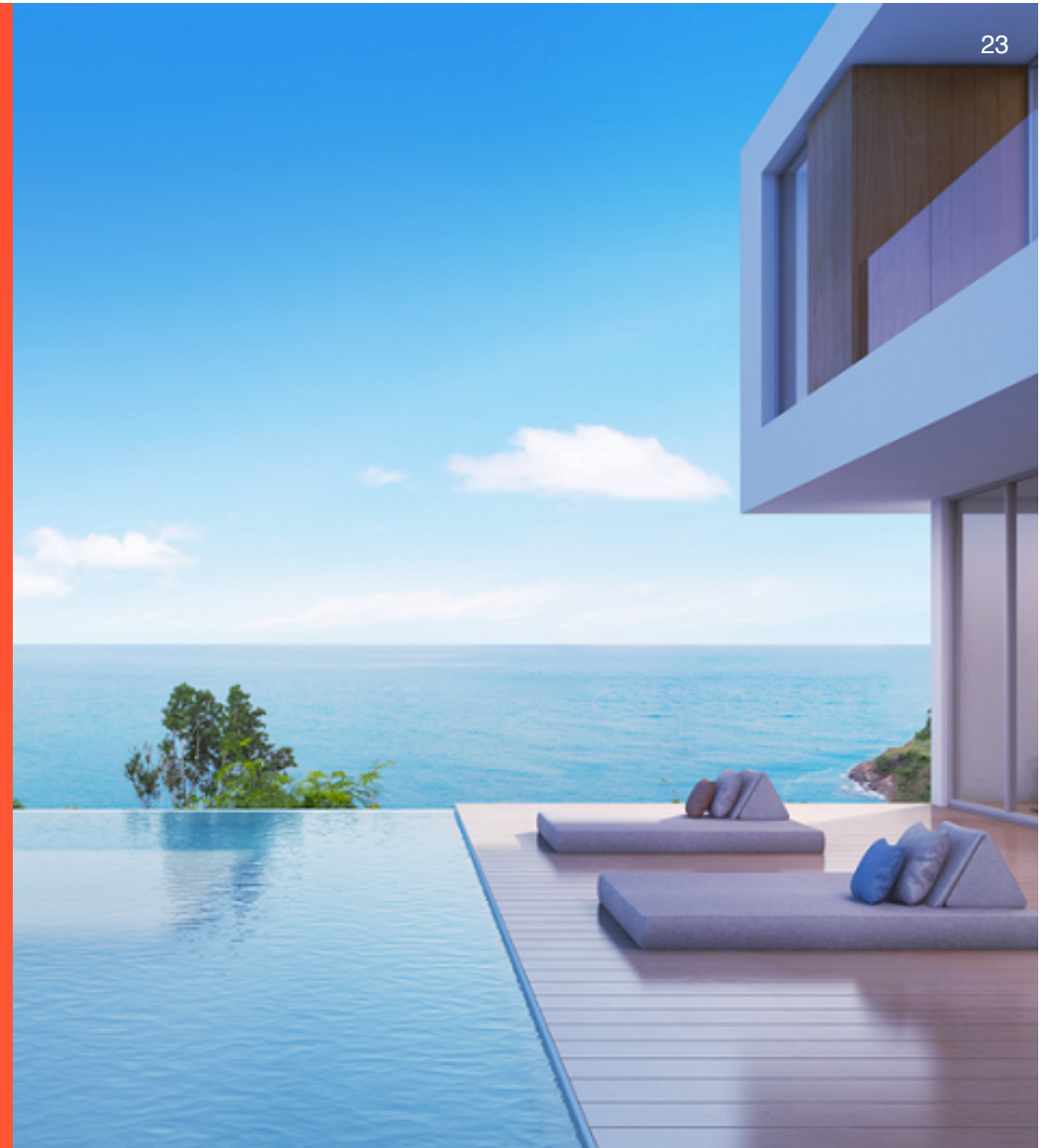


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## APPENDIX – PLATFORM DESIGN



## REGISTER FOR AN ACCOUNT

<https://dashboard.propertyconnect.com/liveoffer/IN8WCK>

## Renter Flow - Overview


### 1 CREATES PROFILE

Create a high quality database of renters over time

Incentive is to encourage good renters to complete their profile so that when they bid they are pre-qualified and this is factored into the ranking of their bid in the LiveOffer algorithm, so they are at the top of the queue

Renters will pay a fee (\$30) to be pre-qualified, and thus be ahead of the queue. PCH / agent cost - (\$8-12), volume dependent.

Renters will also opt-in for data cross-sell opportunities in their profile and connection sales, creating additional revenues for PCH.


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### Account verification

[Purchase a Verified Account](#)
[Enter Personal Details](#)
[Search properties](#)

**► Personal Details**
  
Address
   
Identifiers
   
Employment
   
Emergency contact
   
Referees

Titles

Mrs. ▾

First Name

John

Middle Name (optional)

Last Name

Phone Number

000 000 000

Date of Birth

DD/MM/YYYY

Gender

☐ Male
 ☒ Female
 ☐ Prefer not to disclose

☒ I agree to have my personal information shared with the real state agencies.

NEXT

## Renter Flow - Overview

### 2 SEARCHES FOR PROPERTY

All rentals begin with a search by suburb & street or postcode. Google is entering the property listing space in this way via maps.

Provides an efficient platform for renters to list their requirements and be intelligently targeted by agents, as opposed to simplistic EDM's

Using a B2B model of onboarding agencies with large rent rolls, builds a "closed portal" model where the agents load up their properties once, and continue to remarket to pools of renters in the database.

Particularly attractive to developers or landlords who own whole blocks. If one property rents via LiveOffer, they are able to actively re-market to those that came 2nd, other properties within the building or nearby that are becoming available.

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Property Title

EXPIRES IN 3 WEEKS

[Properties / NSW / Sutherland](#)

### About this property

A 2 bedroom, two bathroom property in the heart of the suburb of Beckenham.

Features include:

- Theatre room
- Study,
- Large outdoor shed
- Outdoor entertaining area - 3 Bedrooms
- 2 Bathrooms
- Parking for 2 cars
- Close to amenities including local schools & hospital.

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Ut viverra mattis nunc, et maximus ante venenatis at. Sed ipsum elit, elementum at turpis ac, pharetra tristique ex. Aenean pharetra sit amet urna posuere tincidunt. Nulla facilisis interdum mattis. Fusce non erat tempus leo elementum mollis. Nullam augue purus, ultricies nec justo sit amet, facilisis auctor purus. Integer pellentesque quam sed dolor interdum, cursus volutpat lectus tristique. Quisque vel lobortis neque. Nam pretium purus sit amet ipsum tempor, vitae ultrices sapien laoreet. Morbi sollicitudin id lorem ut tincidunt. Pellentesque maximus lacus nibh, non faucibus mauris finibus convallis. Donec ut placerat libero.

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[VIEW MORE](#)

2 BEDS

2 BATHS

2 PARKING

Rent **\$ 400 (weekly)**

Term **12 months**

Move in **14/10/17 (AWST)**

Security deposit **\$1,600**

MAKE AN OFFER

Or [ADD TO WATCHLIST](#)

**Location**

12/34 Bourke Street, Sutherland  
Surrey - 2233

## Renter Flow - Overview

### 3 MAKES AN OFFER

LiveOffer bidding is designed to provide transparency for the renter, so that they can see where they are in the queue, and to encourage them to modify their terms.

May not always be modified to a higher rent (could be term, demographic, pets or other features), so that the outcome is optimised for both the renter and the landlord.

Property Managers and landlord can automatically determine the credit/reference checking results of each potential renter when they review the LiveOffer rankings.

**Property Connect** | PROPERTIES | ABOUT | MY ACCOUNT ▼

Property Title | EXPIRES IN 3 WEEKS

Properties / NSW / Sutherland

### Make an offer

**Offers end in**

DAYS	HOURS	MINUTES
12	24	24

**Terms**

Rent	\$ 400 (weekly)	Move in	14/10/17 (AWST)
Term	12 months	Security deposit	\$1,600

**Current bid**

**\$ 450 (weekly)**

3 BIDS | [VIEW BIDDERS](#)

**Your turn**

**\$ 485/w**

\$ 455 ————— \$ 1000

**PLACE BID**

**MAKE AN OFFER**

Or [ADD TO WATCHLIST](#)

**About the property**

A 2 bedroom, 1 bathroom, 1 study, 1 theatre room, 1 outdoor entertainment area, 2 Bathrooms, 1 Parking for 2 cars, Close to amenities including local schools & hospital.

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[VIEW MORE](#)

**Location**

12/34 Bourke Street, Sutherland  
Sydney - 2233

**PARKING**

## Renter Flow - Overview

### 4 FOLLOW UP ON THEIR DASHBOARD

Dashboard is the central portal for all users.

Encourages renters to complete their profile, so they achieve a better rank when bidding.

Also allows renters to view the properties that have current LiveOffers for, whilst also providing a watchlist for properties which might becoming available shortly.

Provides for data re-marketing for sales, other product promotions, such as insurance, mortgages or other offers.

**pc PROPERTY CONNECT** PROPERTIES ABOUT MY ACCOUNT ▼

Your dashboard

**COMPLETE YOUR PROFILE**  
70%

**VERIFY YOUR ACCOUNT**  
To stay out to agencies and landlords.

**UPDATE YOUR PREFERENCES**  
To match you with new LiveOffer™ listings.

**Your LiveOffers™**

**Property title goes here**  
12/34 Bourke Street, Sutherland  
2 BEDS 2 BATHS 2 PARKING  
BID: \$ 450,00/w  
VIEW PROPERTY RETARGET

**Property title goes here**  
12/34 Bourke Street, Sutherland  
2 BEDS 2 BATHS 2 PARKING  
BID: \$ 450,00/w  
VIEW PROPERTY RETARGET

**Property title goes here**  
12/34 Bourke Street, Sutherland  
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BID: \$ 450,00/w  
VIEW PROPERTY RETARGET

**Property title goes here**  
12/34 Bourke Street, Sutherland  
2 BEDS 2 BATHS 2 PARKING  
BID: \$ 450,00/w  
VIEW PROPERTY RETARGET

**Your Watchlist**

**Property title goes here**  
12/34 Bourke Street, Sutherland  
2 BEDS 2 BATHS 2 PARKING  
VIEW PROPERTY

**Property title goes here**  
12/34 Bourke Street, Sutherland  
2 BEDS 2 BATHS 2 PARKING  
VIEW PROPERTY

**Property title goes here**  
12/34 Bourke Street, Sutherland  
2 BEDS 2 BATHS 2 PARKING  
VIEW PROPERTY



# Property Manager - Overview

## 1 MANAGE LIVEOFFERS

Allows the Property Manager to manage from a single view all their current and previous LiveOffers.

Opportunity for cross sell and marketing to unsuccessful renters/bidders who miss out, maximising rent roll returns

Approve and decline tenants based upon their pre-vetted applications and rental history, saving time and money

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[MY ACCOUNT ▾](#)

Duple semi-detached

[Companies](#)
[Century 21](#)
[Perth](#)

MANAGE

### Current LiveOffers™

Code	Rent	Tem	Move in Earlist	Move in Latest	Start date	End dates	Status
DAHDAD	\$ 250 (WEEKLY)	12 months	3/11/17   3:00 am	3/11/17   3:00 am	3/11/17   3:00 am	3/11/17   3:00 am	PUBLISHED
AOADA	\$ 200 (WEEKLY)	12 months	3/11/17   3:00 am	3/11/17   3:00 am	3/11/17   3:00 am	3/11/17   3:00 am	REMOVED

### History

Code	Rent	Tem	Move in Earlist	Move in Latest	Start date	End dates	Bids	Status
DAHDAD	\$ 250 (WEEKLY)	12 months	3/11/17   3:00 am	3/11/17   3:00 am	3/11/17   3:00 am	3/11/17   3:00 am	02	REMOVED
AOADA	\$ 200 (WEEKLY)	12 months	3/11/17   3:00 am	3/11/17   3:00 am	3/11/17   3:00 am	3/11/17   3:00 am	3000	REMOVED

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# Property Manager - Overview

## 2 LIVEOFFERS REPORT

Provide Property Managers an ROI style dashboard for their rent rolls

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LiveOffer™ Report

From DD/MM/YYYY

To DD/MM/YYYY

Company

Community

Status

[Clear filters](#) | [Export](#)

Code/Creation date	Company	Community	Award lease date	Rent/Term	SecureNow	Offers	Status
DAHDAD 3/11/17   3:00 am (AWST)	Century 21	Real State Hurstville	3/11/17   3:00 am	\$ 450 (weekly) 12 months	✓	02	REMOVED
DAHDAD 3/11/17   3:00 am (AWST)	Century 21	Real State Hurstville	3/11/17   3:00 am	\$ 450 (weekly) 12 months	✓	0	PUBLISHED
DAHDAD 3/11/17   3:00 am (AWST)	Century 21	Real State Hurstville	3/11/17   3:00 am	\$ 450 (weekly) 12 months	✓	02	REMOVED
DAHDAD 3/11/17   3:00 am (AWST)	Century 21	Real State Hurstville	3/11/17   3:00 am	\$ 450 (weekly) 12 months	✓	0	PUBLISHED
DAHDAD 3/11/17   3:00 am (AWST)	Century 21	Real State Hurstville	3/11/17   3:00 am	\$ 450 (weekly) 12 months	✓	02	REMOVED
DAHDAD 3/11/17   3:00 am (AWST)	Century 21	Real State Hurstville	3/11/17   3:00 am	\$ 450 (weekly) 12 months	✓	02	PUBLISHED
DAHDAD 3/11/17   3:00 am (AWST)	Century 21	Real State Hurstville	3/11/17   3:00 am	\$ 450 (weekly) 12 months	✓	02	REMOVED

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