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OPTIMISING PROPERTY TRANSACTIONS

April 2018 (ASX:PCH)

Innovating Real Estate

Investor Presentation
Atlantis The Palm - Dubai



FORWARD LOOKING STATEMENTS

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(ASX:PCH) Property Connect is an Australian based real estate services and technology company.

The company has developed the Live Offer platform, designed to create an easy, fair and transparent system under which potential tenants can negotiate the best offer on a rental property and where vendors can optimise buyer engagement in the sale of residential real estate.



RENTALS



AUCTIONS

- ✓ Originally US multi family asset focused now working on agency model in Australia
- ✓ Pivoted to Australia in 2017 to focus on tech build and sales rollout
- ✓ Restructured management
- ✓ Now looking for potential international market opportunities



- ✓ **LiveOffer Rental commercially launched and transacted in 3 states in Australia**
- ✓ **LiveOffer Auction build is underway and soon to be trialed**
- ✓ **Marketing & Sales activities begun**
- ✓ **Obtaining Corporate Real Estate License, Director Licensed to conduct Auctions**
- ✓ **Sustainable operational cash flow**
 - Quarter cash burn forecast circa \$244K
 - New Investment \$1.2M
- ✓ **Capital light operating model**
 - Rental platform build costs complete, partnerships for sales and distribution
 - 639 properties on the platform, and growing



WHY AUSTRALIA?

- 3 million residential rental properties
- 500,000 sales transactions per year
- \$5.6 trillion of residential property (Core Logic)
- The property services sector is characterised by legacy and fragmented systems and practices ... ripe for disruption
- Tenants, agents, owners and governments all want a better solution for finding, managing and living in and buying residential property

We know this market, it is moving quickly and we can rapidly scale and initiate new products, which can then be exported to international markets

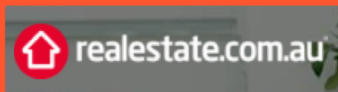
AUSTRALIA IS A REAL ESTATE TECHNOLOGY LEADER



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COMPETITIVE LANDSCAPE

Domain



YAHOO!



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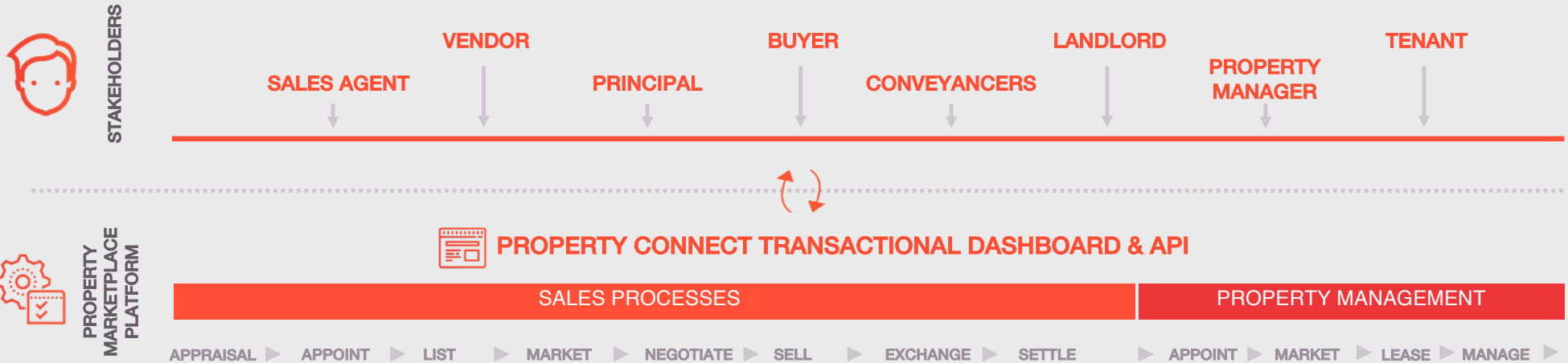
LiveOffer™



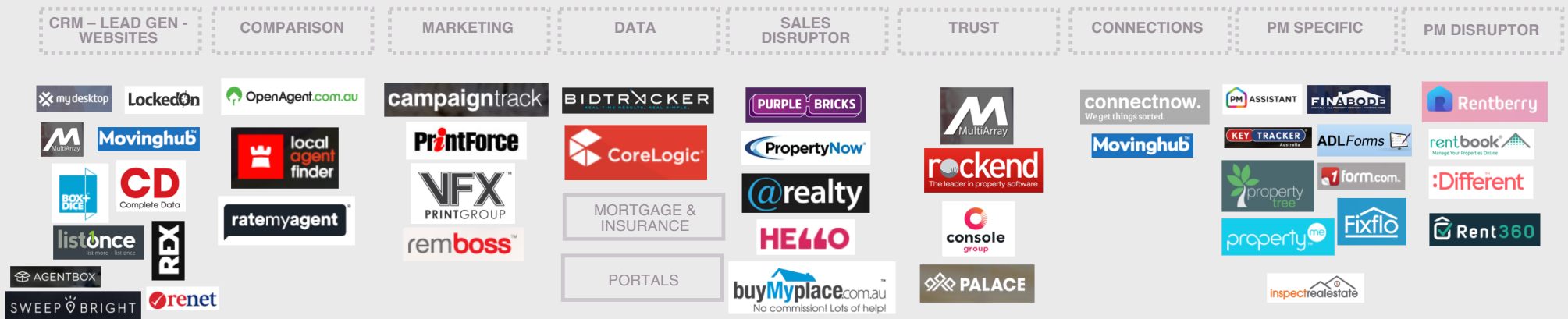
Legacy 1980's Business Model
Display Advertising
Dominated by two major players

Transaction Orientated
Engaging Multi-Product Marketplace
Agile

MARKET OVERVIEW & OPPORTUNITY



FRAGMENTED MARKET & SUB-SCALE





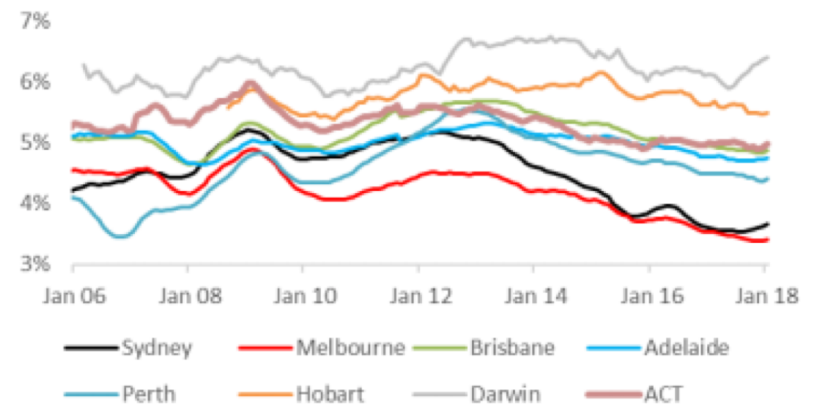
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UPDATE / LiveOffer™ RENTAL MARKET OVERVIEW

- ✓ **A third of all renters are long term renters** (Source: Australian Housing and Urban Research Institute)
- ✓ **31% of Australians Rent**
(Source: 2013-14 Choice Australian Rental Market Report)
- ✓ **Renters complain of discrimination & lack of transparency in the application process**
- ✓ **50% of renters are concerned about being 'blacklisted' making it difficult to secure leases in the future**
(Source: 2013-14 Choice Australian Rental Market Report)

Gross rental yields, dwellings



(Source: CoreLogic)



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UPDATE / LiveOffer™ RENTAL MARKET OVERVIEW



75%
of renters agree or strongly agree that competition amongst applicants for a rental property is fierce

61%
of renters have had an issue while searching for a property over the past five years

55%
of renters agree or strongly agree that they are concerned they'll have to offer extra money to secure a rental property

22%
of renters disagree or strongly disagree that the process of applying for a rental property is very transparent

14%
of houses hunters were promised things during application that never materialised



(Source: 2013-14 Choice Australian Rental Market Report)



“Where there was more than one applicant, engagement was competitive on price and terms, tenants were keen to secure properties and found the transparency and immediacy compelling, so much so that property managers couldn’t keep up”

Dean Mackie, Principal Mc Grath LWNS

Next steps:

- ✓ **Scale Sales**
- ✓ **Commercial Contracts**
- ✓ **Partnerships to effectively monetise**



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LiveOffer™ REPORT BIDDING HISTORY

LiveOffer™ Status

✓ Draft

✓ Published (Active)

✓ Expired

LiveOffer™ Report

Rank	Date	Renter	Rent	Term	Move In Date
1	12/2/18 8:16 am	Bidder 1	\$735 (Weekly)	12 Months	26/2/18
2	12/2/18 8:16 am	Bidder 1	\$735 (Weekly)	12 Months	26/2/18
3	11/2/18 9:17 pm	Bidder 3	\$725 (Weekly)	12 Months	26/2/18
4	11/2/18 9:17 pm	Bidder 3	\$725 (Weekly)	12 Months	26/2/18
5	11/2/18 8:54 pm	Bidder 2	Verified Tennant \$720 (Weekly)	12 Months	26/2/18
6	11/2/18 8:54 pm	Bidder 2	Verified Tennant \$720 (Weekly)	12 Months	26/2/18
7	11/2/18 8:02 pm	Bidder 1	\$715 (Weekly)	12 Months	26/2/18
8	11/2/18 8:01 pm	Bidder 1	\$707 (Weekly)	12 Months	26/2/18
9	10/2/18 8:11 pm	Bidder 1	\$700 (Weekly)	12 Months	26/2/18
10	10/2/18 8:11 pm	Bidder 1	\$700 (Weekly)	12 Months	26/2/18
11	11/2/18 6:52 pm	Bidder 4	\$700 (Weekly)	12 Months	26/2/18
12	10/2/18 7:39 pm	Bidder 5	\$690 (Weekly)	12 Months	26/2/18
13	9/2/18 12:09 am	Bidder 1	\$685 (Weekly)	12 Months	26/2/18
14	9/2/18 11:18 am	Bidder 6	\$685 (Weekly)	12 Months	26/2/18
15	9/2/18 12:11 pm	Bidder 7	\$685 (Weekly)	12 Months	26/2/18
16	9/2/18 12:23 pm	Bidder 3	\$685 (Weekly)	12 Months	26/2/18
17	10/2/18 7:38 pm	Bidder 5	\$685 (Weekly)	12 Months	26/2/18
18	9/2/18 12:19 am	Bidder 7	\$670 (Weekly)	12 Months	26/2/18

\$735

4 Days

\$670

\$735

4 Days

\$670

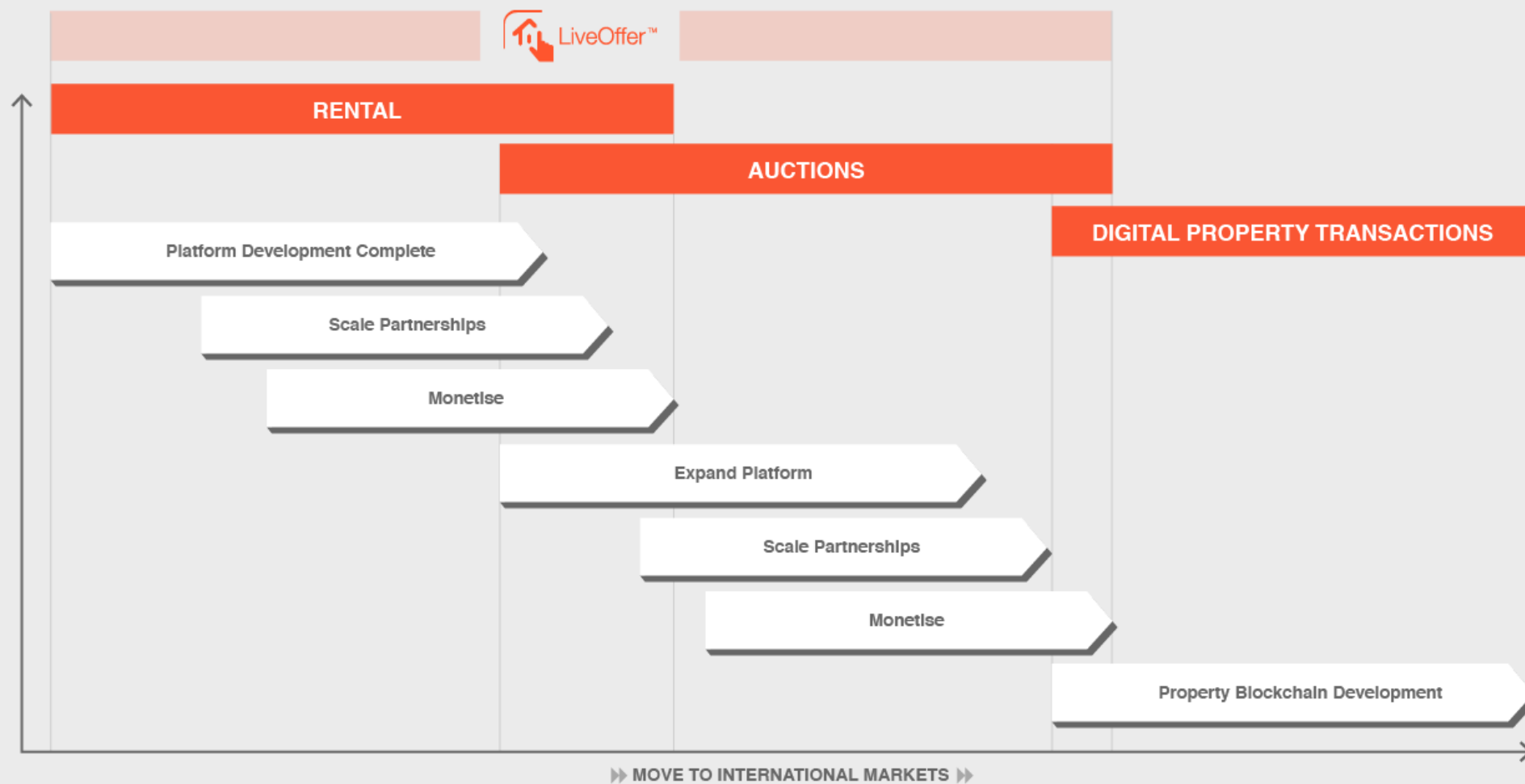
Learnings:

- ✓ Tenants bid multiple times
- ✓ Tenants responded quickly
- ✓ Tenants wanted to secure the property and pay their holding deposit before the landlord had made a decision
- ✓ Improving the tenant, property manager, landlord communication leads to better results for all parties, in a transparent and timely manner



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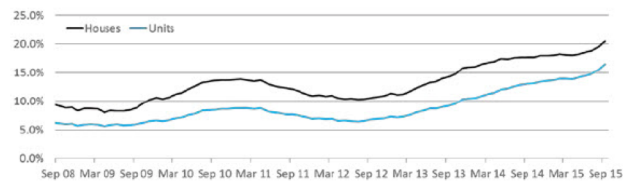
PRODUCT ROADMAP





✓ 500,000+ properties sold every year

Auction sales as a proportion of all dwelling sales, combined capital city regions



(Source: Core Logic)

✓ Online Digital Auctions provide a perfect way to disrupt traditional real estate agency models, beyond flat fee or reduced fee, fundamentally transform the process

Capital City Auction Statistics (preliminary)

City	Clearance rate	Total auctions	CoreLogic auction results	Cleared auctions	Uncleared auctions	Clearance rate (last year)	Total auctions (last year)
Sydney	74.3%	718	533	396	137	80.6%	856
Melbourne	70.7%	923	768	543	225	75.7%	1,091
Brisbane	48.9%	120	94	46	48	47.1%	117
Adelaide	67.3%	79	52	35	17	66.8%	87
Perth	22.2%	35	18	4	14	31.0%	42
Tasmania	12.5%	9	8	1	7	40.0%	6
Canberra	62.9%	79	62	39	23	80.2%	92
Weighted Average	68.1%	1,963	1,535	1,064	471	74.9%	2,291

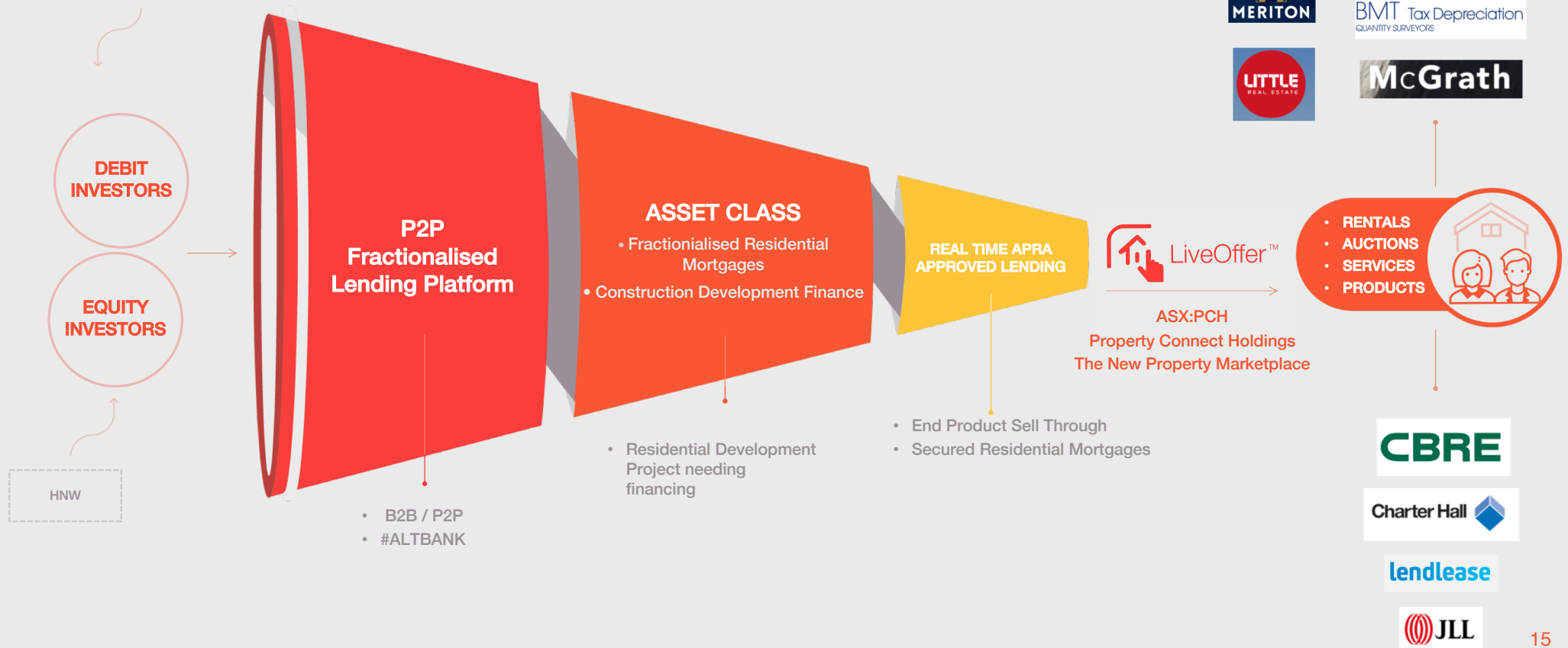
(Source: Core Logic)



- ✓ **Auction Platform is an extension of the LiveOffer Rental Bidding Platform**
- ✓ **Development roadmap anticipates release by June 2018**
- ✓ **Leverage relationships built via rental platform**
- ✓ **Priority opportunities:**
 - Off the Plan residential
 - Apartment complexes
 - Commercial / industrial property
- ✓ **Exploring marketplace with developers, builders and promoters**
- ✓ **State Governments have legislated for electronic conveyancing - PEXA**

PROPERTY SALES FUNNEL ENABLERS

- \$100M Offshore UHNW
- Who are Developers in Australia
- Require Construction Development Finance





PRODUCT OFFERING

✓ **LIVEOFFER**

Online Sales Auctions, enabled by virtual reality tours for inspections and off the plan sales

- ✓ Distressed mortgagee in possession sales

✓ **CONVEYANCING THROUGH BLOCKCHAIN**

Taking the risk, cost and intermediaries out of the transaction

✓ **PAYMENTS**

Use cash or Bitcoin to buy a property, automatically and without any settlement risk and associated transactional costs – Lenders Mortgage Insurance & instant auction deposits



FUTURE OPPORTUNITIES

- ✓ **RESIDENTIAL REAL ESTATE IS UNIVERSALLY IDENTIFIED AS A PRIME AREA FOR BLOCKCHAIN DISRUPTION**

- ✓ **SETTLEMENT PROCESS**

Is time consuming and costly – It costs an average of \$1,200 for conveyancing in Australia, \$550 in searches, \$200 for ancillary fees, \$330 in bank fees

- ✓ **AUCTION FEES**

Agent 2-3% commission, Auctioneer \$700, Advertising \$5,000-10,000

- ✓ **MORTGAGE FEES**

1% commission loan value, LMI > \$10,000

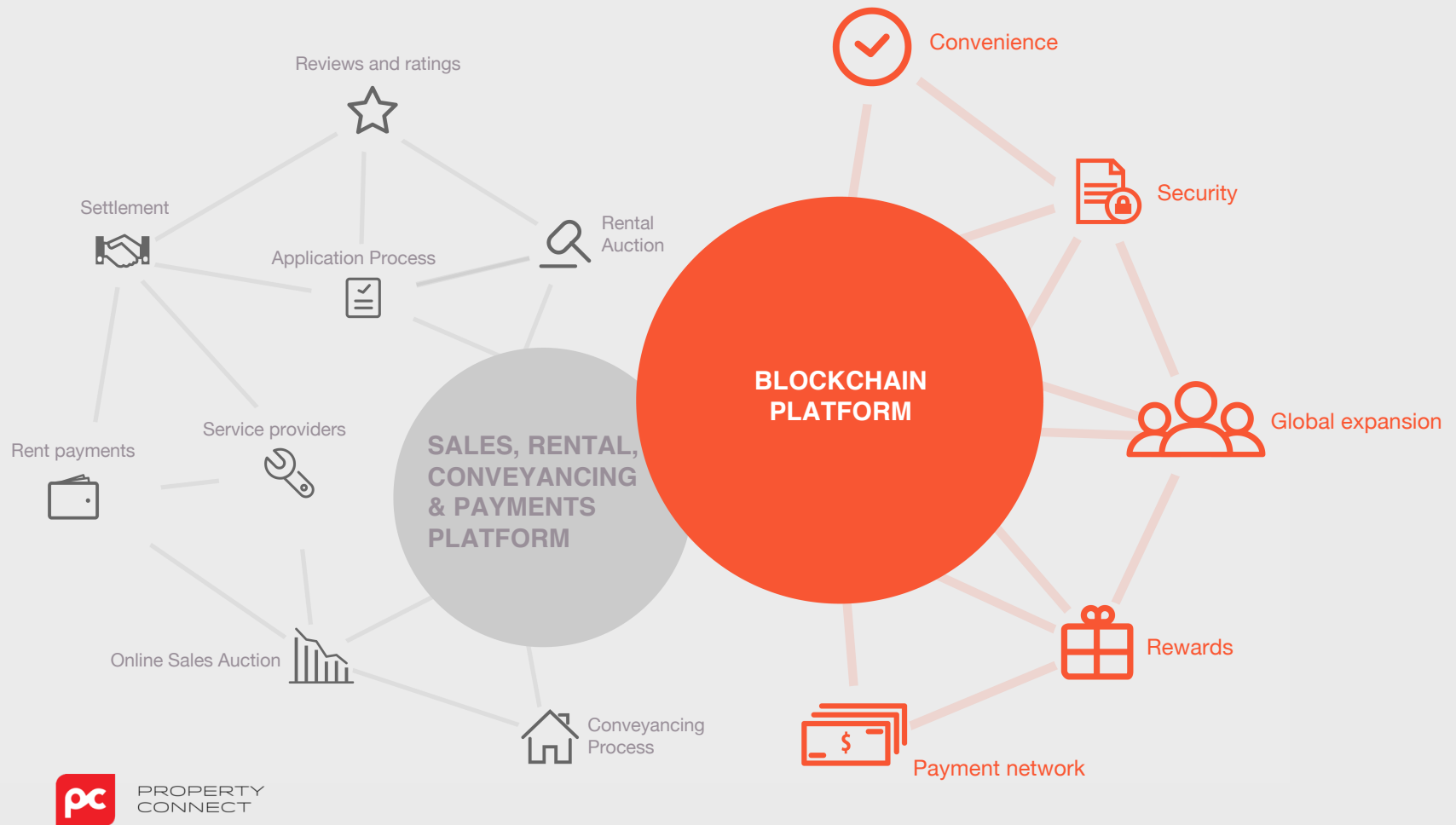
- ✓ **INSURANCE**

Property, Contents and Landlord

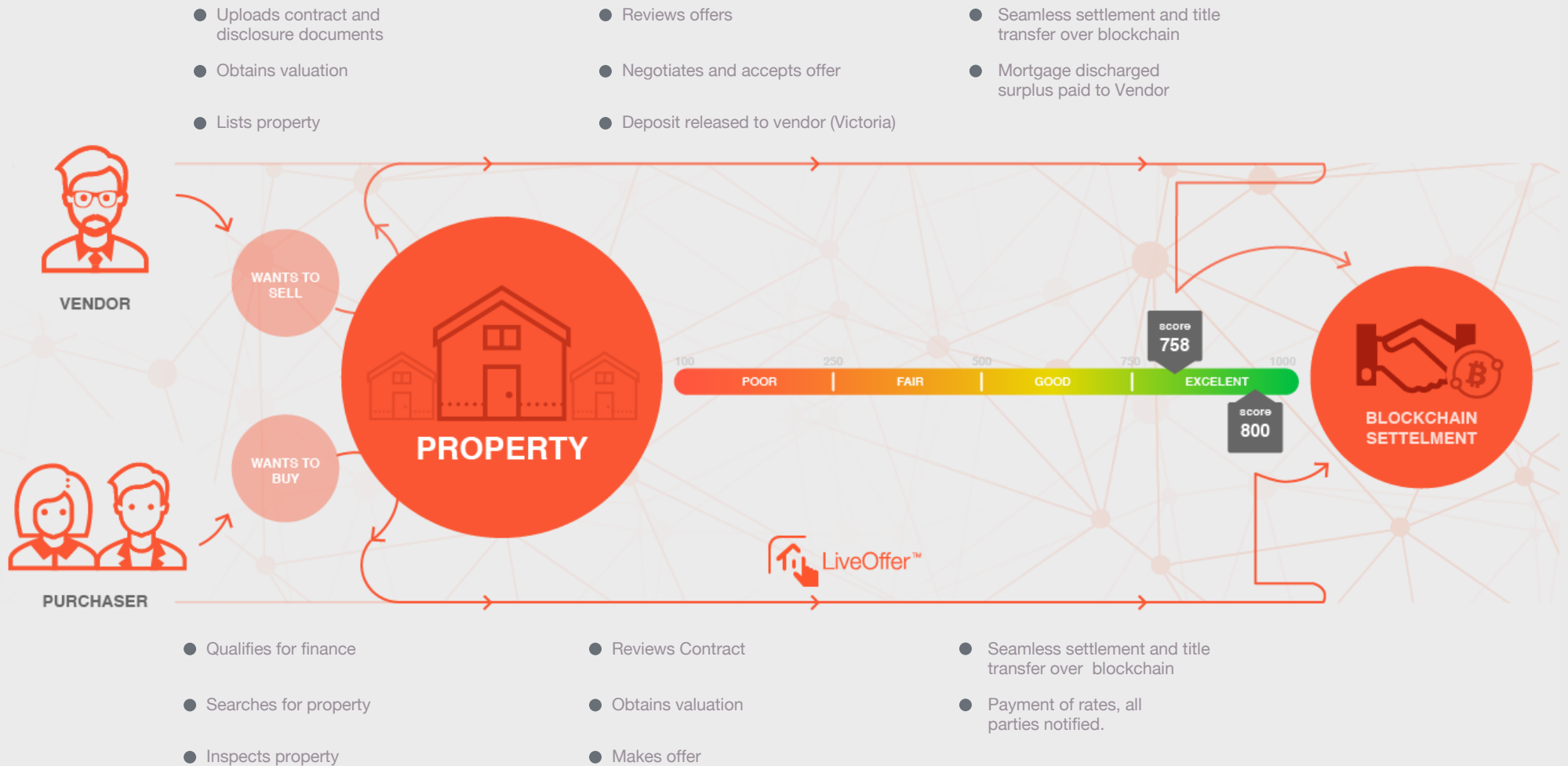
- ✓ **PARTNER WITH TO EXTEND LIVEOFFER PLATFORM**

- InfoTrack
- CBRE
- PEXA
- Realestate.com.au
- Clearmatch

BLOCKCHAIN FOR REAL ESTATE PLATFORM



PROPERTY SALES



PROPERTY RENTALS

- Reviews by tenants
- Property ratings
- On-time maintenance
- Security deposit policy
- Property history and condition
- Rental terms
- Move-in / Move-out rules
- Prompt communication



- Reviews by landlords
- Application information
- Social media profiles
- Bankruptcy records
- Credit Bureau data and scores
- Payment performance
- Eviction history
- Past due accounts

MORTGAGE LENDING

- Creates borrowing profile – one application for multiple lenders. Pushes request for finance into the network – Clearmatch API
- Reviews offers for finance and selects financier
- Easy, secure, one step loan signing
- Seamless settlement over blockchain
- Benefit from automation and improved customer service amongst lenders
- Equity position reviewed periodically with access to additional finance made available as needed



- Offers finance to borrowers that meet their specific lending criteria
- Borrowers automatically verified
- Automated valuation, document verification and due diligence
- Seamless settlement over blockchain
- Reduced customer acquisition costs and increased retention rates
- Smart contract technology automates loan repayment over the term of the loan

PROVEN INDUSTRY LEADERSHIP – BOARD & MANAGEMENT



MICHAEL CARTER
Chairman

- Over 30 years experience in financial services including Senior Executive roles at Macquarie Bank (now Macquarie Group), NRMA Insurance Group (now IAG) and Bridges Financial Services / IOOF Holdings.
- Currently Non-Executive Chairman at Sequoia Financial Group Limited (ASX: SEQ) and a Director of Qualia Financial Group Pty Ltd.
- Previously the Managing Director of Bridges Financial Services, a member of the IOOF Leadership Group and a Director of various joint venture entities with leading Australian Mutual Banks.
- Holds a Bachelor of Engineering (Mining) UNSW, Graduate Certificate in Marketing Practice UTS, Diploma of Financial Services and is a member of the Australian Institute of Company Directors.



DARREN PATTERSON
CEO & Executive Director

- Over 20 years' experience working with start-up and blue-chip technology companies spanning Australia, Europe, US and Asia.
- Experience includes telecoms, IT, digital media and venture capital as a leading senior executive
- Recently, CEO and Co-Founder of Australia's only regulated property investment platform, BrickX, and Managing General Partner of Alchemy Ventures, a venture capital firm.
- Holds an MBA with the University of Chicago, Booth School of Business and a Bachelor of Computer Science from the University of Technology, Sydney and is a graduate member of the Australian Institute of Directors Completed Real Estate License, including Auctions.



DAVID NOLAN
Non-Executive Director & Company Secretary

- Over 20 years' experience as a commercial lawyer and listed company director.
- Previously a partner at a number of leading Sydney law firms and senior adviser at the London Stock Exchange.
- Has valuable relationships in the advisory and regulatory community and a depth of transactional and corporate governance expertise.
- Currently a Non-Executive Director of Intra Energy Corporation Limited and Camilla Australia. Previously Chairman of Hastings Rare Metals and Non-Executive Director of Apollo Minerals and Winmar Resources.
- Holds a Bachelor of Laws (Hons) and Bachelor of Arts, Bond University.



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PCH Capital Structure

Shares on issue	1,266 mil
Options 10/3/20 \$0.02	47 mil
Options 10/3/20 \$0.02	18 mil
Market Cap at \$0.004	\$5.06 mil
Cash at bank * (12 April 2018)	\$0.98 mil
52 week high	\$0.012
52 week low	\$0.001

46.32%

as at 12/4/18

Top 20

Shareholders

5.77%

as at 12/4/18

Board & Management



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