

## **HEADS OF AGREEMENT SIGNED TO LICENSE LIVEOFFER PLATFORM IN DUBAI AND SURROUNDING GCC COUNTRIES**

***Sydney, 12<sup>th</sup> June 2018:***

- Heads of Agreement signed to market and license the LiveOffer platform in Dubai and other Gulf Cooperation Countries (GCC)
- LiveOffer Platform ideally suited to high density markets exposed to pricing and volume volatility
- Discussions ongoing for strategic partnerships for LiveOffer platform in Singapore, Hong Kong and Malaysia

### ***Heads of Agreement to Market and License LiveOffer Platform in GCC***

Property Connect is pleased to advise that it has entered into a Heads of Agreement (**HOA**) with Pipeline Marketing Management LLC (trading as Pipeline) to appoint it as its exclusive agent for a period of two years to license and market the LiveOffer platform in the GCC – Dubai and surrounding countries (**GCC Licence**). Under the terms of the GCC Licence, revenues will be shared between Pipeline and Property Connect for fees generated both under the LiveOffer platform and any additional products added to the GCC Licence. The parties can agree to extend the GCC Licence beyond the initial 2 year term.

The HOA is subject of satisfaction of several conditions, including obtaining all local regulatory approvals, due diligence and execution of formal documentation within 21 days of the HOA or such later period agreed. Property Connect and Pipeline are confident these conditions will be satisfied.

Pipeline is a business-to-business sales and business development organisation established by leading sales specialists, with over 50+ years combined experience operating in the GCC. They have a track record of market expansion and sales development for several leading enterprise companies, and deep local relationships.

As a term of the GCC Licence, the parties will explore additional opportunities with leading real estate agencies, developers, property portals, property investors and sovereign wealth funds in the GCC. The parties believe there are opportunities in the GCC for the commercialisation of additional products developed by Property Connect.

The rental and sales markets in Dubai and the surrounding GCC countries have softened in the past 12 months, and the transparency and efficiency provided by the LiveOffer platform can provide significant cost advantages to these markets. The company has obtained preliminary legal advice confirming the LiveOffer platform can operate in the GCC, subject to obtaining all local regulatory approvals.

In addition to this, the Dubai Land Department has committed to becoming the world's first end to end Real Estate Blockchain transaction marketplace. This is aligned with the company's objectives of simplifying and making real estate transactions more transparent and cost effective. The company is exploring direct involvement in this initiative as well as facilitating online property auctions with local developers and the government.

**Source: <https://www.dubailand.gov.ae/English/Pages/Blockchain.aspx>**

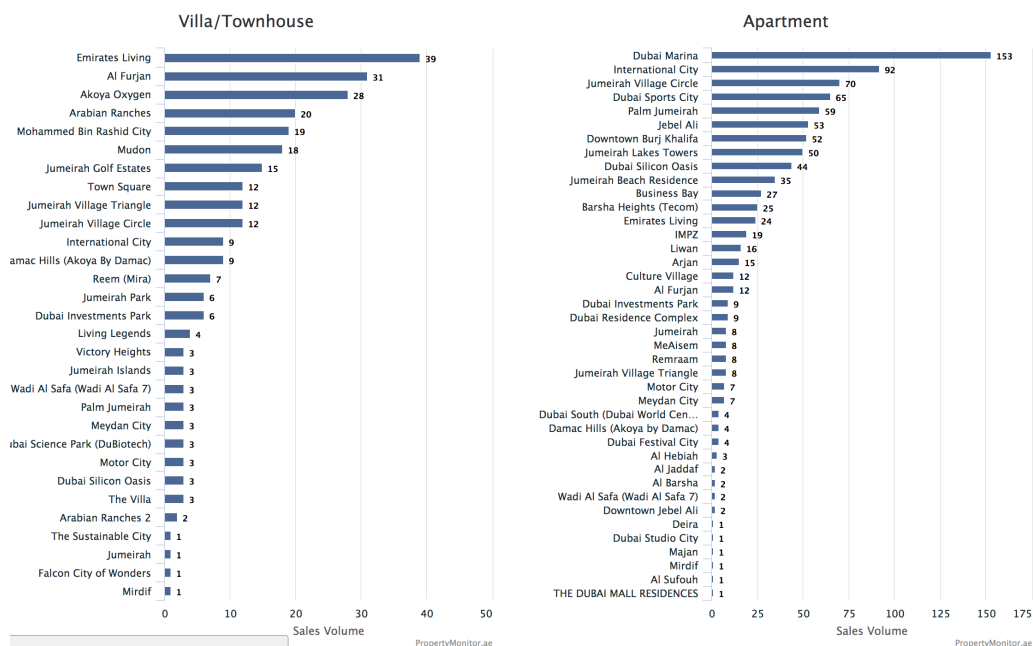
CEO of Property Connect, Darren Patterson, said: “I have done business in the GCC several times in my career, and the GCC Licence is the perfect way for Property Connect to efficiently scale its sales and distribution of the LiveOffer platform, whilst also establishing a wider investor base and support for future products in the company’s development pipeline. We anticipate this to be the first of several such licences for the LiveOffer platform internationally and domestically which will create material shareholder value. We look forward to keeping the market informed of these exciting developments.”

### **Market Opportunity:**

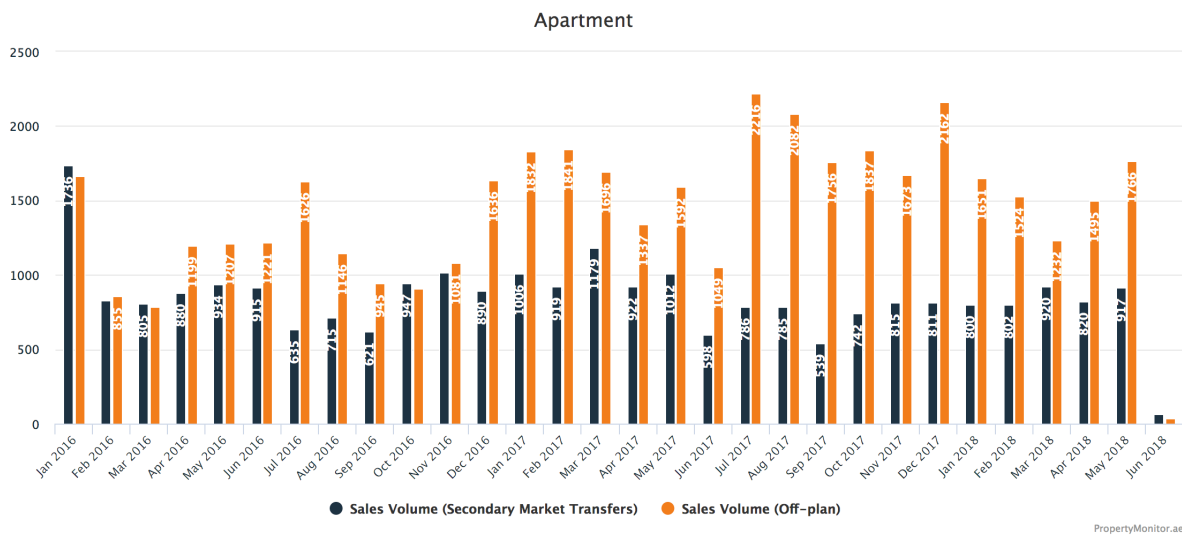
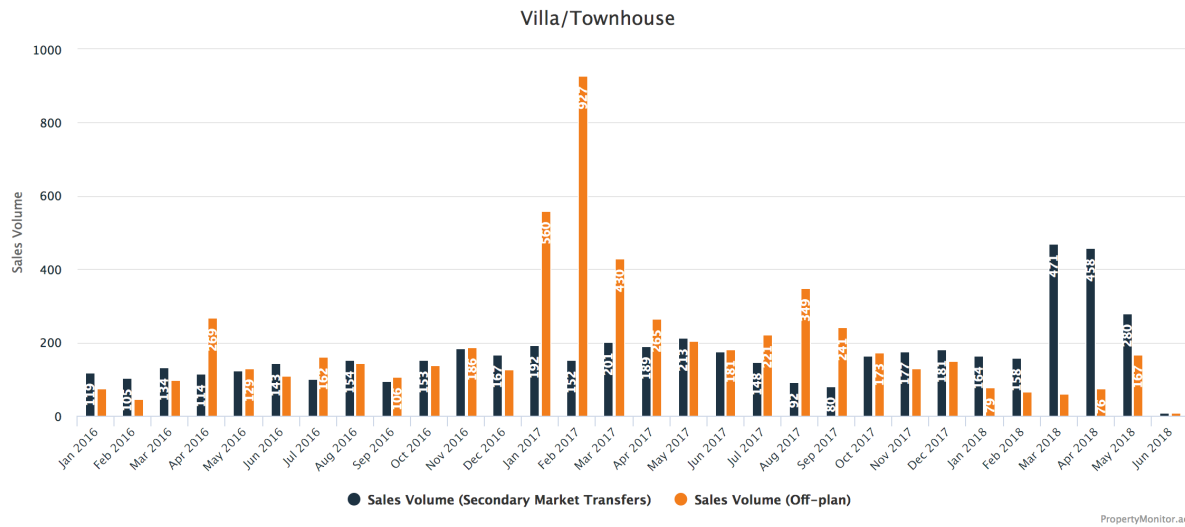
The GCC Licence will allow Property Connect to distribute LiveOffer Rental and Auction products in a cost effective manner into a market which is renowned to be notoriously difficult to rent properties efficiently and has a highly mobile international sales and tenancy base. The LiveOffer platform is ideally suited to high density markets such as Dubai and other GCC countries, whilst also being able to integrate with emerging Blockchain solutions.

The company continues to also discuss similar strategic partnerships in Singapore, Hong Kong and Malaysia, which share similar characteristics to the GCC property market as a priority target.

### **Addressable Market:**



### Dubai Land Department Residential Sales Volume - Secondary Market Transfers vs. Off-plan



### Market Growth:

Abu Dhabi	Completed in 2017	Completed in Q1 2018	Expected by end of 2018	AED Sq Ft Sales Price	AED 000 pa Rents
Apartments	3,000	1,600	4,500	1200 - 1800	30 - 200
Villas	750	50	2,800	0.92 - 10.70 AED million	75 - 790
<b>Dubai</b>					
Apartments	13,900	3,000	21,500	450 - 2400	23 - 275
Villas	3,600	625	5,000	400 - 4,500	70 - 380
<b>Northern Emirates</b>					
Apartments					14,000 - 95,000
<b>Sharjah</b>					
Apartments					14,000 - 75,000

Source: Asteco UAE Real Estate Report Q1 2018, <https://www.asteco.com/>

### ***Market Background Information:***

#### **Dubai –**

**Rental Market** - The Dubai Real Estate market is becoming increasingly fragmented, which has widened the rental rate ranges considerably. Whilst the overall Quarter-on-Quarter (Q-o-Q) decline for the residential sector has been minimal at 1%, it is important to note that newly handed over, lower-end buildings in areas with significant supply potential, have struggled with occupancy / take up, particularly where rates and incentives were not aligned with the market. Annual rental declines have been consistent in each quarter over the past year averaging more or less -10% for both apartments and villas. In addition, incentives such as multiple cheques, rent free periods, and the absorption of utility, maintenance and/or agent fees have become the norm.

**Sales Market** – Similar to rental rates, average apartment and villa sales prices softened by around 1% in Q1 2018. Whilst the annual decline for villas (-6%) was less pronounced than for apartments (-9%), it should be noted that particularly large villas with high price points generated limited interest, mainly due to the lower investment yields attached to this type of unit. Focus remained on affordable units and although the term ‘affordability’ is often used very loosely in the context of UAE/ Dubai Real Estate market (in the absence of a clear definition), the majority of Banks and Developers stipulate a minimum monthly salary of AED 15,000 in order to purchase property in the Emirate.

Nevertheless, Asteco recorded a moderate increase in enquiries and transactions for high-end residential units, suggesting that albeit at a conservative level, there is still appetite for this product. However, despite the boost in luxury Real Estate launches/ announcements, we believe Developers will continue to focus on mid-market housing because:

- There remains a substantial supply gap in the market;
- To take advantage of the larger Investor and Tenant pool; and
- Due to the growing young population (over 60% are aged 25 to 44) and the fact that early home ownership (investment or Owner-occupation) has gained popularity.

#### **Abu Dhabi –**

**Rental Market** - Apartment and villa rental rates declined on average by 3% and 2% since Q4 2017, whilst recording annual decreases of 11% and 9%, respectively. As a result of the continuous delivery of new supply during a period of restrained economic growth and subdued market sentiment, vacancy rates increased across all residential unit types.

**Sales Market** - Apartment sales prices remained broadly unchanged over the quarter for the majority of locations, with the exception of Marina Square (-5%), Reef Downtown (-6%) and Sun & Sky Towers (-6%), which faced increased competition from new off-plan developments offered at attractive rates and favorable payment plans.

**Source: Asteco UAE Real Estate Report Q1 2018, <https://www.asteco.com/>**

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**About Property Connect**

Property Connect has developed the LiveOffer technology, designed to create an easy, fair and transparent system under which potential tenants can negotiate the best offer on a rental property. Property Connect enables property managers the opportunity to secure optimal leasing terms on each property. The company is listed on the Australian Securities Exchange (ASX:PCH). [www.propertyconnect.com](http://www.propertyconnect.com)

**About Pipeline Marketing Management**

Pipeline has designed a complete end-to-end sales process that is fully managed from Sales Strategy all the way to sales contracting. With Pipeline's services, companies have better cost control over sales with the ability to scale up or down on resources, as required. Pipeline invests in quality and proven resources, who deliver a highly professional sales service to companies. [www.pipelinebdsolutions.com](http://www.pipelinebdsolutions.com)

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**Forward-Looking Statements**

*This document includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning PCH's potential business development, corporate activities and any, and all, statements that are not historical facts. When used in this document, words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should" and similar expressions are forward-looking statements. PCH believes that its forward-looking statements are reasonable; however, forward-looking statements involve risks and uncertainties and no assurance can be given that actual future results will be consistent with these forward-looking statements. All figures presented in this document are unaudited and this document does not contain any forecasts of profitability or loss.*