

APPENDIX 4D

PropTech Group Limited
 ABN 39 141 276 959
 Current reporting period: 1 July 2020 to 31 December 2020
 Previous corresponding period: N/A

Half-year information given to ASX under listing rule 4.2A

Results for announcement to market

	Up / down	Movement %		\$
Revenues from ordinary activities	N/A	N/A	to	5,031,616
Net Profit from ordinary activities after tax	N/A	N/A	to	522,478
Net Profit attributable to members	N/A	N/A	to	522,478

Dividend information

There were no dividends declared or paid during the period.

Net tangible assets

	31 Dec 2020
Net tangible assets per ordinary security	\$0.021

Control gained over entities

On 19 November 2020, the PropTech Group Limited (formerly Real Estate Investar Group Limited) ("**PTG**" or the "**Company**") completed the acquisition of 100% of the shares in Real Estate CRM Pty Ltd ("**RECRM**") and its wholly owned subsidiaries ("**Acquisition**").

The Acquisition has been accounted for using the principles for reverse acquisitions in AASB 3 *Business Combinations* because, as a result of the Acquisition, the former shareholders of RECRM (the legal subsidiary entity) obtained accounting control of PTG (the legal parent entity). Accordingly, this consolidated financial report of PTG for the half year ended 31 December 2020 represents a continuation of the financial statements of RECRM (on the basis that RECRM is the deemed accounting acquirer), together with the results of PTG from the Acquisition date of 19 November 2020. It should be noted that the results of the previous corresponding period for the six months ended 31 December 2019 ("**PCP**") are not applicable as RECRM was not in existence as it was only incorporated on the 13 February 2020, any comparatives in these financial statements are only the financial results of RECRM when run as a private group. For clarity, the PCP where applicable does not include any results from the PropTech Group Limited (formerly Real Estate Investar Group Limited).

APPENDIX 4D (CONTINUED)

Loss of control over entities

Not applicable

Foreign entities

The PropTech Group Limited has two wholly owned foreign subsidiaries, being Client Vault UK Pty Ltd (UK) and Real Estate Investar Limited (NZ). Both entities prepare their financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Audit qualification or review

The financial statements have been independently reviewed by the Company's auditors, RSM Australia Partners. A copy of the review report is attached as part of the Interim Financial Report.

Attachments

Additional information supporting the Appendix 4D disclosure requirements can be found in the attached Directors' Report and the consolidated financial statements for the half-year ended 31 December 2020.

Signed



Simon Baker

Chairman

Dated: 25 February 2021

PropTech Group Limited

(ASX: PTG)

ABN 39 141 276 959

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER

2020

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CORPORATE DIRECTORY

Directors

Simon Baker (Non-Executive Chairman)
Georg Chmiel (Non-Executive Director)
Sam Plowman (Non-Executive Director)
Joe Hanna (Managing Director and Chief Executive Officer)
Scott Wulff (Executive Director)

Company secretary

Lee Mitchell

Registered address

Suite 810, Level 8, 2 Queen Street
Melbourne VIC 3000

Principal places of business

Level 1, 7-9 Stevens St
Southport, QLD 4215

Level 2, 8 Parliament Place
West Perth, WA 6005

Share registry

Boardroom Pty Limited
Level 12, Grosvenor Place, 225 George Street
Sydney NSW 2000

Auditor

RSM Australia Partners
Level 21, 55 Collins Street
Melbourne VIC 3000

Stock exchange listing

PropTech Group Ltd is listed on the Australian Securities Exchange (ASX). ASX Code: PTG

Website

<https://www.proptechgroup.ltd/>

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the “**Group**”, “**PTG**” or the “**Company**”) consisting of the PropTech Group Limited (formerly Real Estate Investar Group Limited) and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were directors of the PropTech Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Simon Baker (Non-Executive Chairman)
Georg Chmiel (Non-Executive Director) (Appointed on 3 August 2020)
Sam Plowman (Non-Executive Director)
Joe Hanna (Managing Director and Chief Executive Officer)
Scott Wulff (Executive Director) (Appointed on 19 November 2020)

Principal activities

During the financial half-year, the principle continuing activities of the consolidated entity, consisted of the development and sale of real estate software to real estate agents and investors via its various platforms, these products and services were offered mostly throughout Australia, the United Kingdom and New Zealand.

Financial performance

Acquisition accounting

On 19 November 2020, the PropTech Group Limited completed the acquisition of 100% of the shares in Real Estate CRM Pty Ltd (“**RECRM**”) and its wholly owned subsidiaries (“**Acquisition**”).

The Acquisition has been accounted for using the principles for reverse acquisitions in AASB 3 Business Combinations, as a result of the Acquisition, the former shareholders of RECRM (the legal subsidiary entity) obtained accounting control of the Company (the legal parent entity).

Therefore, this consolidated financial report of PTG for the half year ended 31 December 2020 represents a continuation of the financial statements of RECRM (on the basis that RECRM is the deemed accounting acquirer), together with the results of PTG from the Acquisition date of 19 November 2020.

It should be noted that the results of the previous corresponding period being the six months ended 31 December 2019 (“**PCP**”) set out in this financial report represents only the financial results of RECRM when run as a private group, and does not include any results from PTG. The table below provides further clarification:

DIRECTORS' REPORT (CONTINUED)

Financial performance (Continued)

Consolidated Statement of:	Six months to 31 December 2020	Previous corresponding period ("PCP")
Profit or loss and other comprehensive Income	RECRM: 1 July 2020 to 31 December 2020. PTG: 19 November 2020 to 31 December 2020.	N/A - RECRM was not in existence, as it was incorporated on 13 February 2020.
Financial position	RECRM and PTG consolidated as at 31 December 2020.	RECRM only as at 30 June 2020.
Changes in equity	Equity balances of RECRM as at 1 July 2020, their results for the half-year and transactions with equity holders for the half-year. PTG's transactions with equity holders since 19 November 2020 and its results for the period from 19 November 2020 to 31 December 2020.	RECRM only for the period from 13 February 2020 to 30 June 2020.
Cash flows	RECRM: 1 July 2020 to 31 December 2020. PTG: 19 November 2020 to 31 December 2020.	N/A - RECRM was not in existence, as it was incorporated on 13 February 2020.

Review of results and operations

During the half year period to 31 December 2020, total revenue and other income was \$5,031,616 for the Group, with a profit for the consolidated entity, after providing for income tax, amounting to \$522,478.

The Group had an underlying EBITDA for the period of \$1,414,103, which excluded any non-operating items.

The Group's revenue and underlying EBITDA performance is listed below,

	As per half year report
	31-Dec-20
	\$'000
SaaS revenue	4,488
Other operating revenue	384
Total operating revenue	4,872
COS	(471)
Gross profit	4,401
Gross profit margin %	90%
Other income	159
Operating expenses	(3,146)
Underlying EBITDA	1,414
Underlying EBITDA margin %	29%

DIRECTORS' REPORT (CONTINUED)

Financial performance (Continued)

Reconciliation between statutory profits and underlying EBITDA:

	As per half year report
	31-Dec-20
	\$'000
Underlying EBITDA	1,414
Share based payments	(5)
Bad debts	10
Foreign currency translation differences	18
Transaction and relisting expenses ¹	(64)
EBITDA	1,373
Depreciation and amortisation	(536)
EBIT	837
Net finance costs	-
Profit before income tax	837
Income tax expense	(315)
Profit after income tax	522

¹ Transaction and relisting expenses which directly related to the raising of capital (not attributed to equity in accordance with AASB 132), re-compliance and acquisitions.

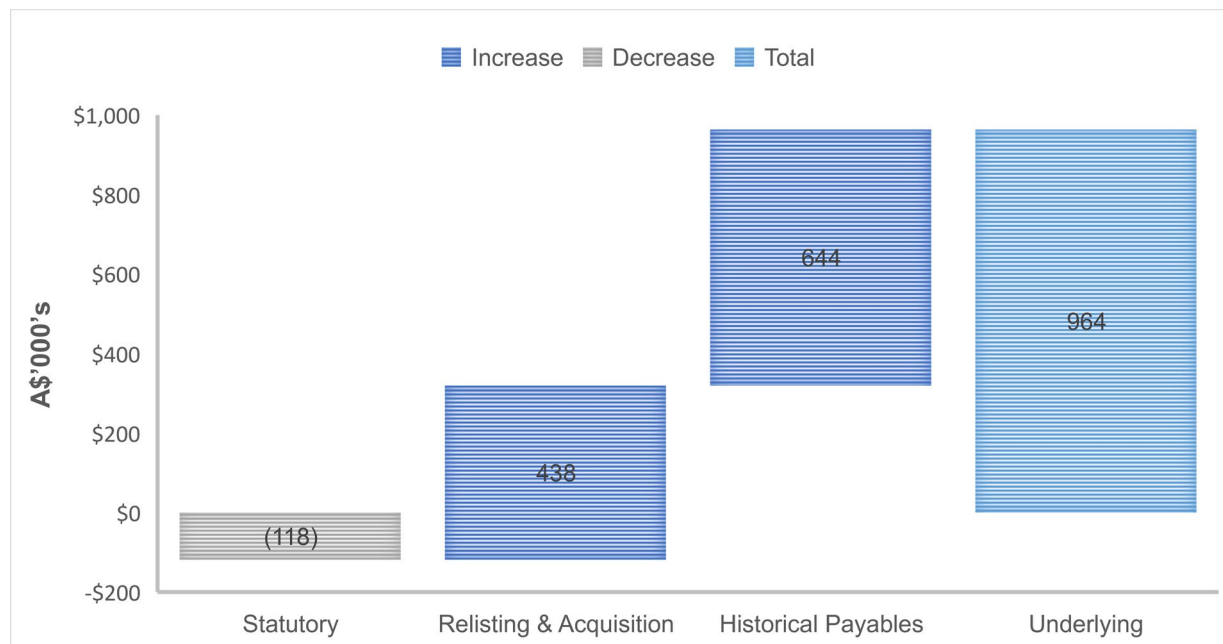
As at 31 December 2020, the Group's cash balance was \$12,207,051. The rise in cash balance at the end of the period was attributed to the increase via a capital raise \$10,600,000, this was offset by a deficit of (\$118,170) in operating cash for the period which was heavily impacted by substantial extraordinary outflows which directly related to the raising of capital (not attributed to equity in accordance with AASB 132), ASX re-compliance and acquisition.

On an adjusted basis after removing all one-off costs in relation to the relisting, acquisition and historical payables, the underlying net cashflows from operating activities for the period is \$963,723.

The chart below gives further breakdown of the reconciliation of statutory net cashflows from operating activities to underlying net cashflows from operating activities:

DIRECTORS' REPORT (CONTINUED)

Financial performance (Continued)



For the half year period to 31 December 2020, the Group continued to offer its SaaS products and services, which are split into two separate business units:

- Business to Consumers ("B2C") which offers Property Tools to retail property investors in Australia and New Zealand; and
- Business to Business ("B2B") which is Real Estate Agent Services and products offered to real estate agents in Australia, New Zealand, United Kingdom and other regions.

Both business units on a standalone basis operate profitably from an underlying EBITDA perspective, recurring SaaS revenue made up 92% of the Group's revenue for the period with a gross profit margin of 90%.

The table below gives an overview to the performance of those services being offered:

For the half year ended 31 Dec 20 \$'000	B2B	B2C ¹	Corporate ²	PTG
SaaS revenue	4,263	225	-	4,488
Other operating revenue	384	0	-	384
Total operating revenue	4,647	225	-	4,872
COS	(406)	(65)	-	(471)
Gross profit	4,241	160	-	4,401
Gross profit margin %	91%	71%	-	90%
Underlying EBITDA	1,581	49	(216)	1,414
Underlying EBITDA margin %	34%	22%	-	29%

¹The B2C business unit is only accounted for the period from 19 November 2020 to 31 December 2020.

²The Corporate business unit is only accounted for the period from 19 November 2020 to 31 December 2020, this only contains items that relate to head office.

DIRECTORS' REPORT (CONTINUED)

Financial performance (Continued)

Non-IFRS financial measures

To assist in the evaluation of the performance of the Group, certain measures are used, that are not recognised under AAS or IFRS. These measures are collectively referred to as “non-IFRS financial measures”.

The non-IFRS financial measures and pro-forma results provide useful information about the financial performance of the Group, they should be considered as supplements to the financial statements that have been presented in accordance with AAS and IFRS and not as a replacement for them. As these non-IFRS financial measures are not based on AAS or IFRS, they do not have standard definitions, and the way the Group has calculated these measures may differ from similarly titled measures used by other companies. Investors and readers of this financial report should therefore not place undue reliance on these non-IFRS financial measures.

The table below gives reference to non-IFRS financial measures that have been mentioned in this financial report:

Non-IFRS financial measure	Definition
EBITDA	Represents earnings before interest, income tax expenses, depreciation, and amortisation.
Underlying EBITDA	Underlying EBITDA has been adjusted to eliminate the effects of interest, tax, depreciation and amortisation, fair value adjustments, impairment expenses, loss on disposal on assets and any other non-operating items (Share base payments, bad debts, transaction and relisting costs and foreign currency translation differences)
EBIT	Earnings/ (losses) before interest (net finance income) and taxation
Underlying net cashflows from operating activities	The Underlying net cashflows from operating activities provides a better view of the operating performance of the business by eliminating one-off costs that would not have usually occurred during the period, such costs relate to historical payables, transaction and relisting costs.

Review of post-acquisition operations

During the half year, subsequent to completion of the Acquisition, the Group executed a number of post-Acquisition optimisation and consolidation initiatives, including the capture of cost synergies across the Group and consolidation and retraction of non-revenue generating functions, to ensure that the SaaS offering can be delivered in a cost-effective manner.

The Group continues to successfully transition its customer base from the legacy MyDesktop system to the next-generation product VaultRE that serves both the sales CRM and property management segments. The Group has retained a large majority of its independent agents during the transition period as well as securing its largest customer in Ray White who will transition to VaultRE.

On 19 November 2020 as part of the Acquisition, Scott Wulff was appointed to the Board as an Executive Director.

Significant changes in the state of affairs

During the period, the Company had changed its name from Real Estate Investar Group Ltd to the PropTech Group Limited, along with its ASX issuer code which was changed from “REV” to “PTG”.

DIRECTORS' REPORT (CONTINUED)

Significant changes in the state of affairs (Continued)

On 6 October 2020, the company completed a share consolidation of 20:1, the share consolidation resulted in the existing number of fully paid ordinary shares outstanding of 233,205,108 being consolidated to 11,660,308 fully paid ordinary shares.

On 19 November 2020, the PropTech Group Limited completed the acquisition of 100% of the shares in Real Estate CRM Pty Ltd and its wholly owned subsidiaries.

In consideration for the Acquisition, PTG issued a total of 64,900,048 fully paid ordinary shares to the shareholders of RECRM, in consideration for the Company's acquisition of 100% of the issued capital in RECRM.

During November 2020, the Company completed a capital raise of \$10,600,000 (before share-issue costs) by the issue of 42,400,000 fully paid ordinary shares at an issue price of \$0.25 each.

A further 2,344,064 fully paid ordinary shares were issued to satisfy a portion of the historical remuneration entitlements owed to Key Management Personal and Directors.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Subsequent events

Acquisition of Website Blue

The Company has entered into a Share Sale and Purchase Agreement on the 23 February 2021, to acquire 100% of the ordinary shares in JMCG Pty Ltd (trading as "**Website Blue**"). Website Blue offers real estate agencies a full-service web design package along with a product called "Designly" which enables agencies to deploy and manage marketing assets and campaigns. The total consideration for this acquisition is \$1,500,000 (including contingent consideration of \$750,000) which will be settled by a combination of cash and equity interests of the PropTech Group Limited.

The Board believes this acquisition will provide synergies and strengthen the Group's current product offerings with the ability to leverage its current assets to excel the growth of the acquisition, along with the ability to extract synergies from a cost perspective.

Renewal of CRM agreement with The Ray White Group

On 22 February 2021, the Group entered into a two-year agreement with the Ray White Group that will see it remain as the Group's largest customer and migrate its franchisees' sales CRM systems from MyDesktop to VaultRE.

COVID-19

As at the date of signing this financial report, the Group had not been significantly impacted by the Coronavirus (COVID-19) pandemic. The COVID-19 pandemic is ongoing and therefore the extent and full effect of this pandemic on the Group's results for the ensuing period and its operations cannot be reliably estimated or quantified. The situation is rapidly developing and is dependent upon measures imposed by the Australian Government such as the rollout of the vaccination, maintaining social distancing requirements, travel restrictions and any economic stimulus that may be provided to support the businesses.

DIRECTORS' REPORT (CONTINUED)

Subsequent events (Continued)

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included following this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors



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Simon Baker

Chairman

Dated: 25 February 2021

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of PropTech Group Limited for the half year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO
Partner

Dated: 25 February 2021
Melbourne, Victoria

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RSM Australia Partners ABN 36 965 185 036

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INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

General information

The financial report covers the PropTech Group Limited (formerly Real Estate Investar Group Limited) as a consolidated entity consisting of the PropTech Group Limited and the entities it controlled. The financial report is presented in Australian dollars, which is the PropTech Group Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

The PropTech Group Limited is an ASX public listed company limited by shares, incorporated and domiciled in Australia.

As explained in note 2 to the financial statements, on 19 November 2020, the PropTech Group Limited completed the acquisition of 100% of the ordinary shares of Real Estate technology company Real Estate CRM Pty Ltd and its wholly owned subsidiaries.

The Acquisition has been accounted for using the principles of "reverse acquisitions" as specified in AASB 3 *Business Combinations* because, as a result of the acquisition, the former shareholders of RECRM (the legal subsidiary entity) obtained accounting control of PTG (the legal parent entity).

Accordingly, the consolidated financial statements of the PropTech Group Limited for the half year ended 31 December 2020 represents a continuation of the financial statements of RECRM, because in accordance with the Australian Accounting Standards RECRM is deemed to be accounting acquirer. It should be noted that the results of the previous corresponding period for the six months ended 31 December 2019 are not applicable as RECRM was not in existence as it was only incorporated on the 13 February 2020.

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial report was authorised for issue, in accordance with a resolution of directors. The directors have the power to amend and reissue the financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated Half-year ended 31 Dec 2020 \$
Revenue and income		
Revenue	4	4,872,620
Other income		158,996
Total revenue and other income		5,031,616
Expenses		
Employee benefits expense		(1,873,854)
Data and production costs		(1,027,405)
Advertising and marketing expenses		(44,709)
General and administration expenses		(712,613)
Depreciation and amortisation expense		(535,571)
Total expenses		(4,194,152)
Finance costs		(830)
Finance income		710
Net finance costs		(120)
Profit before income tax expense		837,344
Income tax expense		(314,866)
Profit after income tax expense for the half-year attributable to the owners of PropTech Group Limited		522,478
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation differences		(18,715)
Other comprehensive income, net of tax		(18,715)
Total comprehensive income for the half-year attributable to the owners of PropTech Group Limited		503,763

Earnings per share	Cents
Basic earnings per share (cents per share)	0.67
Diluted earnings per share (cents per share)	0.67

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Consolidated	
		31 December 2020 \$	30 June 2020 \$
Assets			
Current assets			
Cash and cash equivalents		12,207,051	2,474,815
Trade and other receivables		836,522	328,762
Prepayments		158,819	22,518
Total current assets		13,202,392	2,826,095
Non-current assets			
Plant and equipment		32,435	18,014
Intangible assets	5	27,250,259	23,132,662
Deferred tax assets		427,772	557,756
Total non-current assets		27,710,466	23,708,432
Total assets		40,912,858	26,534,527
Liabilities			
Current liabilities			
Trade and other payables		1,554,522	1,034,921
Current tax liabilities		131,306	145,790
Provision for employee entitlements		343,272	168,041
Vendor payables	6	9,000,000	6,000,000
Total current liabilities		11,029,100	7,348,752
Non-current liabilities			
Deferred tax liability		46,184	32,894
Provision for employee entitlements		40,811	110,561
Vendor payables	6	-	3,000,000
Total non-current liabilities		86,995	3,143,455
Total liabilities		11,116,095	10,492,207
Net assets		29,796,763	16,042,320
Equity			
Contributed equity	7	29,405,290	16,159,312
Retained profits / (accumulated losses)		390,897	(131,581)
Reserves		576	14,589
Total equity		29,796,763	16,042,320

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	Contributed equity \$	Retained profits / (accumulated losses) \$	Share based payment reserve \$	Foreign currency translation reserve \$	Total equity \$
Balance at 1 July 2020		16,159,312	(131,581)	-	14,589	16,042,320
Profit after income tax expense for the half-year		-	522,478	-	-	522,478
<i>Other comprehensive income for the half year</i>						
Exchange difference on translation of foreign operations		-	-	-	(18,715)	(18,715)
Total comprehensive income for the half year		-	522,478	-	(18,175)	503,763
<i>Transaction with owners in their capacity as owners</i>						
Contributions of equity, net of transaction costs	7	13,245,978	-	-	-	13,245,978
Share-based payments expense		-	-	4,702	-	4,702
Balance at 31 December 2020		29,405,290	390,897	4,702	(4,126)	29,796,763

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated 31 December 2020 \$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)		5,191,601
Payments to suppliers and employees (inclusive of GST)		(5,045,692)
Government assistance received – cash-flow boost		54,447
Interest received		710
Interest and other costs of finance paid		(830)
Income taxes paid		(318,406)
Net cash flow used in operating activities		(118,170)
Cash flows from investing activities		
Payment for purchase of business, net of cash acquired	2	319,423
Payment for intangibles		(302,689)
Payment for property, plant and equipment		(15,991)
Net cash flow from investing activities		743
Cash flows from financing activities		
Payments for equity raising		(768,095)
Proceeds from issue of capital		10,600,000
Net cash flow from financing activities		9,831,905
Net increase in cash and cash equivalents		9,714,478
Cash and cash equivalents at the beginning of the financial half-year		2,474,815
Effects of exchange rate changes on cash and cash equivalents		17,758
Cash and cash equivalents at the end of the financial half-year		12,207,051

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Note 1. Basis of preparation of half-year financial statements

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The PropTech Group Ltd is a for-profit entity for the purpose of preparing the financial statements.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, operating, financing and investing activities of the consolidated entity as the annual financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2020 and any public announcements made by the PropTech Group Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or Amended Accounting Standards and Interpretations Adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Significant Judgements

The preparation of the interim financial report required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported assets and liabilities, income and expenses. The significant judgements made by management in applying the consolidated entity accounting policies were the same as those applied to the annual financial report for the year ended 30 June 2020.

Note 2. Reverse acquisition

On 19 November 2020, PTG completed the acquisition of 100% of the ordinary shares of Real Estate technology company Real Estate CRM Pty Ltd ("**RECRM**") and its wholly owned subsidiaries under a share exchange agreement. PTG issued 64,900,048 shares to the former shareholders of RECRM which resulted in RECRM's former shareholders holding a majority share interest in PTG.

The Acquisition has been accounted for using the principles of "reverse acquisitions", as specified in AASB 3 *Business Combinations* (AASB 3), because as a result of the Acquisition the former shareholders of RECRM (the legal subsidiary entity) obtained accounting control of PTG (the legal parent entity).

Accordingly, this consolidated interim financial report of the PropTech Group Limited for the half year ended 31 December 2020 represents a continuation of the financial statements of RECRM (on the basis that RECRM is the deemed accounting acquirer), together with the results of the PropTech Group Limited from the Acquisition date of 19 November 2020. It should be noted that the results of the previous corresponding period for the six months ended 31 December 2019 ("**PCP**") are not applicable as RECRM was not in existence and as it was incorporated on the 13 February 2020, any comparatives in these financial statements are only the financial results of RECRM when run as a private group. For clarity, the PCP where applicable does not include any results from the PropTech Group Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 2. Reverse acquisition (continued)

The impact of the reverse acquisition on each of the primary financial statements is as follows:

Consolidated statement of:	Six months to 31 December 2020	Previous corresponding period ("PCP")
Profit or loss and other comprehensive income	RECRM: 1 July 2020 to 31 December 2020. PTG: 19 November 2020 to 31 December 2020.	N/A - RECRM was not in existence as it was incorporated on 13 February 2020.
Financial position	RECRM and PTG consolidated as at 31 December 2020.	RECRM only as at 30 June 2020.
Changes in equity	Equity balances of RECRM as at 1 July 2020, their results for the half-year and transactions with equity holders for the half-year. PTG's transactions with equity holders since 19 November 2020 and its results for the period from 19 November 2020 to 31 December 2020.	RECRM only for the period from 13 February 2020 to 30 June 2020.
Cash flows	RECRM: 1 July 2020 to 31 December 2020. PTG: 19 November 2020 to 31 December 2020.	N/A - RECRM was not in existence as it was incorporated on 13 February 2020.

References throughout the financial statements to "reverse acquisition" are in reference to the above accounting treatment.

The deemed consideration transferred by RECRM under the principles of AASB 3 is \$2,915,077.

The fair values of the identifiable net assets acquired in PTG on reverse acquisition are as follows:

Assets	\$
Cash and cash equivalents	319,423
Trade and other receivables	6,654
Accrued income	314,375
Prepayments	97,294
Property, plant and equipment	2,664
Intangible assets – software	204,284
Trade and other payables	(2,096,601)
Employee benefit liabilities	(74,977)
Goodwill	4,141,961
Net assets acquired	2,915,077

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The values identified in relation to the reverse acquisition transaction are provisional as at 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 3. Segment reporting

Identification of reportable operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the PropTech Group Limited.

Although the Group has business units, these do not currently meet the requirements of AASB 8 *Operating Segments* to be classified as separate reportable segments. The consolidated entity has therefore identified one reportable segment, that is, the development and sales of real estate software services.

The segment details are therefore fully reflected in the body of the financial statements.

Note 4. Revenue

<i>Revenue from contracts with customers</i>	Consolidated Half-year ended 31 Dec 2020 \$
Software as a Service (SaaS) revenues	4,488,410
Mobile services	269,751
Set-up and training fees	110,365
Consultancy and other revenues	4,094
	<u>4,872,620</u>

Disaggregation of revenue

The disaggregation of revenues from contracts with customers is as follows:

<i>Product lines</i>	\$
Business to Business (B2B)	4,647,152
Business to Consumer (B2C)	225,468
	<u>4,872,620</u>

<i>Geographical regions</i>	\$
Australia	4,230,814
New Zealand	464,570
United Kingdom	137,735
Other	39,501
	<u>4,872,620</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Intangible assets

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
Goodwill	26,360,200	22,218,239
Less: Impairment	-	-
	<u>26,360,200</u>	<u>22,218,239</u>
Software and web platform - at cost	1,913,627	1,411,487
Less: Accumulated amortisation	(1,031,120)	(505,307)
	<u>882,507</u>	<u>906,180</u>
Patents and trademarks - at cost	12,916	12,916
Less: Accumulated amortisation	(5,364)	(4,673)
	<u>7,552</u>	<u>8,243</u>
Total	<u>27,250,259</u>	<u>23,132,662</u>

Reconciliations:

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill	Software and web platform	Patents and trademarks	Total
Consolidated	\$	\$	\$	\$
Balance at 1 July 2020	22,218,239	906,180	8,243	23,132,662
Additions during the half-year	-	302,689	-	302,689
Additions through reverse acquisition (note 2)	4,141,961	204,284	-	4,346,245
Amortisation expense	-	(530,646)	(691)	(531,337)
Impairment of assets	-	-	-	-
Balance at 30 June 2020	<u>26,360,200</u>	<u>882,507</u>	<u>7,552</u>	<u>27,250,259</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 6. Vendor payables

	31 December 2020 \$	30 June 2020 \$
Payables		
Current		
Deferred consideration payable ¹	2,000,000	2,000,000
Contingent consideration payable ²	7,000,000	4,000,000
	9,000,000	6,000,000
Non- current		
Contingent consideration payable ²	-	3,000,000
	-	3,000,000
Total Vendor payables	9,000,000	9,000,000

¹Payable to the vendor of Commerce Australia Pty Ltd in March 2021

²Payable to the vendor of Commerce Australia Pty Ltd is split into two mutually exclusive conditions which are as follows:

Contingent consideration

Contingent consideration comprises the following:

- i. Up to \$4 million cash conditional upon the ongoing retention of an agreed customer base between the date of completion and the 31 January 2021. The total amount payable is determined by a sliding scale based on the customer retention percentage. Where the retention percentage achieved is more than 85% the full amount due will be paid. Payment will fall due in March 2021.
- ii. Up to \$3 million cash on or around 30 September 2021 conditional upon the retention of a key franchise group licensing MyDesktop via a current global enterprise agreement. The qualification for this hurdle requires that customer extend the contract (migrating to VaultRE) for a minimum term of 2 years beyond the current contract expiry date of 1 July 2021. The total amount payable is tied to the extension for each country being Australia, New Zealand and Indonesia (noting that Australia accounts for over 80%).

The contingent consideration amounts are undiscounted as they are expected to be paid in full in the short-term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 7. Equity

	31 Dec 2020 Shares*	30 Jun 2020 Shares*	31 December 2020 \$	30 June 2020 \$
Ordinary shares - fully paid	121,304,420	233,205,108	29,405,290	16,159,312

Movements in ordinary share capital

Details	Date	Shares*	\$
Balance	1-Jul-20	233,205,108	16,159,312
Consolidation of shares in the ratio of 20:1	6-Oct-20	(221,544,800)	-
		11,660,308	16,159,312
Issue of shares to retail and institutional investors	19-Nov-20	42,400,000	10,600,000
Issue of shares to the original shareholders of Real Estate CRM Pty Ltd (refer Note 2)	19-Nov-20	64,900,048	2,915,077
Issue of shares to Key Management Personnel in consideration for services performed	19-Nov-20	2,344,064	498,996
Share issue transaction costs		-	(768,095)
Balance	31-Dec-20	121,304,420	29,405,290

*Per AASB 3, the equity structure (i.e. the number of ordinary shares issued) reflects the equity structure of PTG (the accounting acquiree), including the shares issued by PTG to effect the reverse acquisition transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 8. Earnings per share

	Consolidated 31 December 2020
	\$
<i>Earnings per share</i>	
Profit after income tax attributable to the owners of PropTech Group Limited	<u>522,478</u>
	Cents
Basic earnings per share	0.67
Diluted earnings per share	0.67
	Number
<i>Weighted average number of ordinary shares</i>	
Weighted average number of ordinary shares used in calculating basic earnings per share	78,081,505
Adjustments for calculation of diluted earnings per share:	
Conversion options over ordinary shares	<u>151,092</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>78,232,597</u>

Note 9. Business combinations

Commerce Australia Pty Ltd (trading as "MyDesktop") acquisition

On 13 March 2020, Real Estate CRM Pty Ltd acquired 100% of the ordinary shares of Commerce Australia Pty Ltd (trading as "MyDesktop") for total consideration of \$14,416,110 which was made up of an agreed consideration for MyDesktop of \$14,000,000, with a working capital adjustment payment of \$416,110.

MyDesktop is a leading real estate industry CRM tool in ANZ, with features covering the whole property and contact life cycle. MyDesktop offers its products on a SaaS basis to customers in ANZ and Indonesia with training and support on an ongoing basis. The goodwill of \$12,097,521 represents the expected future economic benefits from the software and consumer base acquisition. The values identified in relation to the acquisition of Commerce Australia Pty Ltd are provisional as at 31 December 2020 and have remained unchanged from 30 June 2020.

The net assets recognised in the 31 December 2020 financial statements are based on a provisional assessment of their fair value while the Group sought an independent valuation for the goodwill and intangible assets owned by MyDesktop. The valuation has not been finalised prior to the date these financial statements were approved for issue by the Board of Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 9. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value of Assets/ (liabilities)
	\$
Intangibles assets – software	1,411,487
Deferred tax assets	513,099
Cash and cash equivalents	460,966
Trade and other receivables	279,103
Allowance for expected credit losses	(17,158)
Current assets – other	28,711
Accrued expenses	(15,190)
Deferred revenues	(226,319)
Deferred tax liabilities	(12,151)
Unearned revenues	(28,477)
Annual leave provisions of transferring employees	(31,287)
Long service leave provisions of transferring employees	(44,195)
	<hr/>
Net assets acquired	2,318,589
Goodwill	12,097,521
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>14,416,110</u>
Representing:	
Cash paid	5,416,110
Deferred payment	2,000,000
Contingent consideration payable	7,000,000
	<hr/>
	<u>14,416,110</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 9. Business combinations (continued)

Vault Group acquisition

On 13 March 2020, Real Estate CRM Pty Ltd acquired 100% of the ordinary shares of Vault Group Pty Limited ("Vault Group") for the total consideration of \$10,000,000, which was settled by way of issue of ordinary shares of Real Estate CRM Pty Ltd to the former shareholders of Vault Group Pty Ltd. Acquisition of 100% of the ordinary shares of Vault Group Pty Ltd provides Real Estate CRM Pty Ltd with control over six subsidiaries of the Vault Group. Vault Group and its controlled entities offer a best of breed real estate industry CRM tool which operates in Australia, New Zealand and the United Kingdom. Vault Group also offers auxiliary services that assist with the whole property and contact life cycle.

The goodwill of \$10,120,718 represents the expected future economic benefits from the best of breed real estate industry CRM tool that offers not just sales but also property management functionality, other SaaS products, a consumer base which also gives a foot into the UK market and the experienced management and development team that developed and operated MyDesktop before being sold to Domain. The values identified in relation to the acquisition of Vault Group Pty Ltd are provisional as at 31 December 2020 and have remained unchanged from 30 June 2020.

The net assets recognised in the 31 December 2020 financial statements are based on a provisional assessment of their fair value while the Group seeks an independent valuation for the goodwill and intangible assets owned by Vault Group. The valuation has not been finalised prior to the date these financial statements were approved by the Board of Directors.

Details of the acquisition are as follows:

	Fair value of assets/ (liabilities)
	\$
Cash and cash equivalents	289,611
Trade receivables	128,236
Plant and equipment	4,108
Intangible assets	12,916
Trade payables	(231,034)
Borrowings	(261,869)
Income tax payable	(6,187)
Annual leave provision	(45,061)
Long Service leave provision	(11,438)
Net assets / (liabilities)	(120,718)
Goodwill	10,120,718
Acquisition-date fair value of the total consideration transferred	<u>10,000,000</u>
Representing:	
Issue of equity shares of Real Estate CRM Pty Ltd to the former shareholders of Vault Group Pty Ltd (10,000,000 equity shares at an issue price of \$1.00 per share)	<u>10,000,000</u>

Note 10. Contingent assets and contingent liabilities

There have been no changes in contingent assets or contingent liabilities since 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 11. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

No financial assets or liabilities are readily traded on organised markets in standardised form.

Note 12. Events subsequent to the reporting period

Acquisition of Website Blue

The Company has entered into a Share Sale and Purchase Agreement on the 23 February 2021, for the acquisition of 100% of the ordinary shares in JMCG Pty Ltd (trading as Website Blue). Website Blue is based in Brisbane, Queensland and offers real estate agencies a full-service web design package along with a product called 'Designly' which enables agencies to deploy and manage marketing assets and campaigns. The total consideration for this acquisition is \$1,500,000 (including contingent consideration of \$750,000) which will be settled by a combination of cash and equity interests of the Company.

The Board believes this acquisition will provide synergies and strengthen the Group's current product offerings with the ability to leverage its current assets to excel the growth of the acquisition, along with the ability to extract synergies from a cost perspective.

The initial accounting for business combination was incomplete at the time these financial statements were authorised for issue and accordingly, the following disclosures as required by AASB 3 *Business Combinations* could not be made:

- Fair values and gross contractual amounts of receivables acquired;
- Amounts recognised as of the acquisition date for each major class of assets acquired, liabilities assumed and contingent liabilities recognised; and
- Total amount of goodwill / gain on bargain purchase.
- Although an expected completion date of 01 March 2021 has been set, the actual completion may vary.

Renewal of CRM agreement with The Ray White Group

On 22 February 2021, the Group entered into a two-year agreement with the Ray White Group that will see it remain as the Group's largest customer and migrate its franchisees' sales CRM systems from MyDesktop to VaultRE.

COVID-19

As at the date of signing this financial report, the Group had not been significantly impacted by the Coronavirus (COVID-19) pandemic. The COVID-19 pandemic is ongoing and therefore the extent and full effect of this pandemic on the Group's results for the ensuing period and its operations cannot be reliably estimated or quantified. The situation is rapidly developing and is dependent upon measures imposed by the Australian Government such as the rollout of the vaccination, maintaining social distancing requirements, travel restrictions and any economic stimulus that may be provided to support the businesses.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

The directors of the Company declare that:

- 1) The attached interim financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes:
 - a) comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - b) give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
- 2) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Signed



Simon Baker

Chairman

Dated: 25 February 2021

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

PROPTech GROUP LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of PropTech Group Limited (formerly Real Estate Investar Group Limited) ("the Company") and its controlled entities (together referred to as "the Group") which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of PropTech Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Auditor's Responsibility (continued)

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of PropTech Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of PropTech Group Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year then ended; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

A handwritten signature in dark ink, appearing to read "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in dark ink, appearing to read "RJM".

R J MORILLO MALDONADO
Partner

Dated: 25 February 2021
Melbourne, Victoria