

APPENDIX 4C AND QUARTERLY REVIEW FOR QUARTER ENDED 31 DECEMBER 2016

Highlights

- Strong development progress achieved, with encouraging target market feedback indicating strong demand
- Development brought in-house to drive the platform towards completion, with out-sourced development agreement being formally terminated post quarter
- LiveOffer™ commercial launch on track for 1 March 2017
- \$2 million raised during the quarter via a convertible note
- Property Connect remains funded for commercial launch of its LiveOffer™ platform

Tuesday 31st January 2017: Property Connect Holdings Limited (ASX: PCH) ('Property Connect' or 'the Company') today lodges its Appendix 4C for the quarter ended 31 December 2016 and is pleased to provide an overview of its progress during this period.

FINANCIAL & CORPORATE UPDATE

In early January 2017 Property Connect completed a capital raising of \$2 million by way of a convertible note and subsequent converted into 333,333,333 shares at \$0.06 per share. Of this capital raise \$460,000 was received from Broker Trust accounts following the quarter end. As at 31 December 2016 the Company had a cash balance of \$768,000,

Net operating cash flow for the quarter was \$0.675 million (previous quarter (\$0.3 million)), reflecting payment of accrued creditors from previous quarters, an increase in the ongoing development costs of Property Connect's LiveOffer™ product as well as its expansion in the US as the Company continues its marketing activities.

The Company anticipates that cash outflows will remain around this level in the current quarter as the Company enters the final phase of development, ahead of the launch of LiveOffer™.

Board Changes

In November 2016, Mr Darren Patterson joined the Board as a non-executive director. Mr Patterson has over 20 years of experience working for start-up and blue-chip technology companies and is responsible for providing oversight of the development of the Company's LiveOffer™ platform.

At the same time, Mr Michael Langoulant (previously Company Secretary) took on the role of non-executive Chairman replacing Mr Peter Friend who stepped down from the role for personal reasons. The Company appointed Ms Loren Jones as Company Secretary at this time.

OPERATIONAL PROGRESS

Progress Towards Platform Launch

During the December quarter, development of the LiveOffer™ platform was taken in-house to afford the Board and management greater control and oversight in the critical phase ahead of commercial launch. The process is being principally managed by Mr Patterson and is supported by Property Connect's highly skilled development team of platform development experts.

Accordingly, the Company formally terminated its development agreement with Apmasphere Pty Limited following the close of the quarter in January 2017. The agreement was successfully terminated with no associated break costs. In addition, Property Connect did not incur any development costs under the agreement which was based on a revenue share model of the commercialised platform.

The Company is pleased to report that development has progressed as anticipated and the LiveOffer™ platform remains on track for commercial go-live on 1 March 2017 and the commencement of revenue generation thereafter. Initial target market feedback of the prototype is encouraging and suggests strong demand for the platform once launched.

Customer Update

During the quarter, the Company delivered strong momentum in building its customer pipeline. It ended the quarter with several property management groups signed up to utilise the platform under Letters of Intent (LOIs). This gives the Company a reach of over 300,000 properties that may utilise the LiveOffer™ platform as they become available for re-letting.

OUTLOOK

Having strengthened the Board and brought the development of our platform in-house, the Company is confident about launching the LiveOffer™ platform at the start of March 2017.

The Company is focused on converting its LOIs to MSAs as well as broadening its footprint within the US multifamily property sector.

Property Connect CEO Tim Manson commented: "The December quarter represented an important transition for the Company, addressing financial, strategic and corporate aspects of our operations. Property Connect is now well placed to complete the development phase of the LiveOffer™ platform for commercial launch by 1 March 2017 and commence revenue generation.

"Encouragingly this operational progress has been accompanied by a strong, ongoing positive industry response to LiveOffer™, and we continue to advance its penetration of US multifamily property managers."

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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.

For more information, please contact:

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Media Queries

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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. Founded in 2012 and based in Los Angeles, Property Connect enables leasing agents the opportunity to secure optimal leasing terms on each property.

The company is listed on the Australian Securities Exchange (ASX:PCH).

www.propertyconnect.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Property Connect Holdings Limited

ABN

22 091 320 464

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter (Dec 2016) \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(217)	(217)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(0)	(0)
(d) leased assets	(19)	(18)
(e) staff costs	(224)	(341)
(f) administration and corporate costs	(225)	(379)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (ATO GST Refund)	11	11
1.9 Net cash from / (used in) operating activities	(675)	(945)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter (Dec 2016) \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	(1,542)	(1,542)
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(101)	(101)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	1,441	1,441

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1	271
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(675)	(945)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,441	1,441

Consolidated statement of cash flows		Current quarter (Dec 2016) \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	Cash and cash equivalents at end of quarter	768	768

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter (Dec 2016) \$A'000	Previous quarter (Sept 2016) \$A'000
5.1	Bank balances	768	1
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	768	1

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

**Current quarter
\$A'000**

352

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- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payment of accrued director's fees, current and historical rent, administration expenses in the Australian parent and the subsidiary based in USA and a total of \$66,000 paid to a development company in which a director is a shareholder.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	99
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	20
9.4 Leased assets	30
9.5 Staff costs	230
9.6 Administration and corporate costs	220
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	599

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
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Company Secretary

Date: 31 January 2017

Print name: Loren King

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.