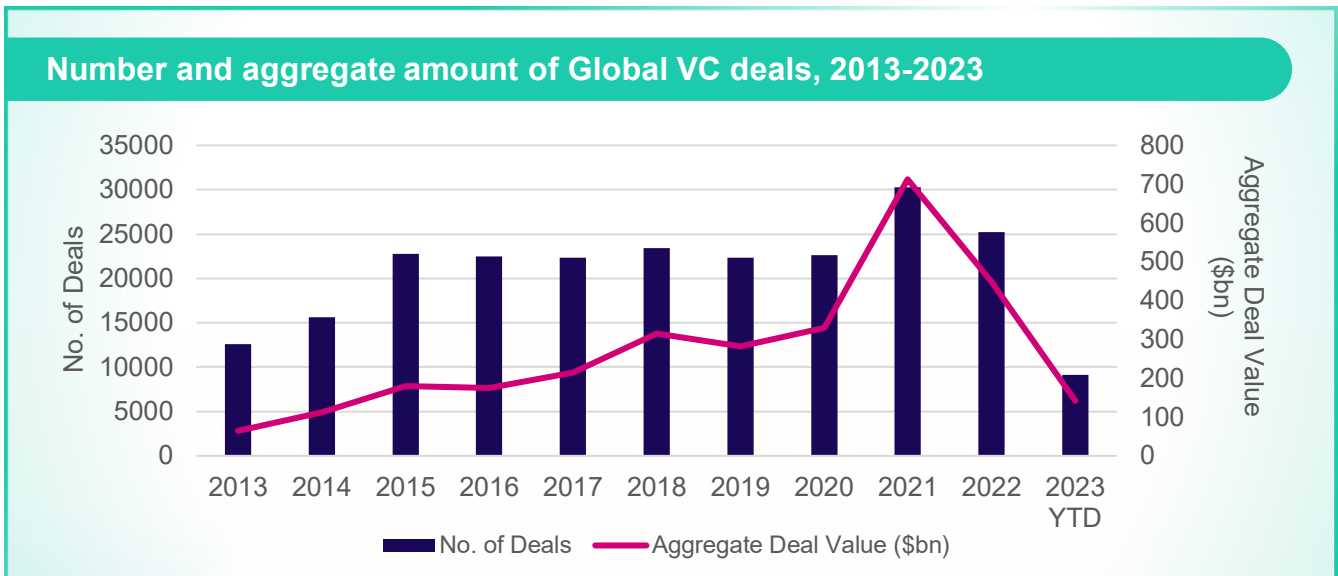
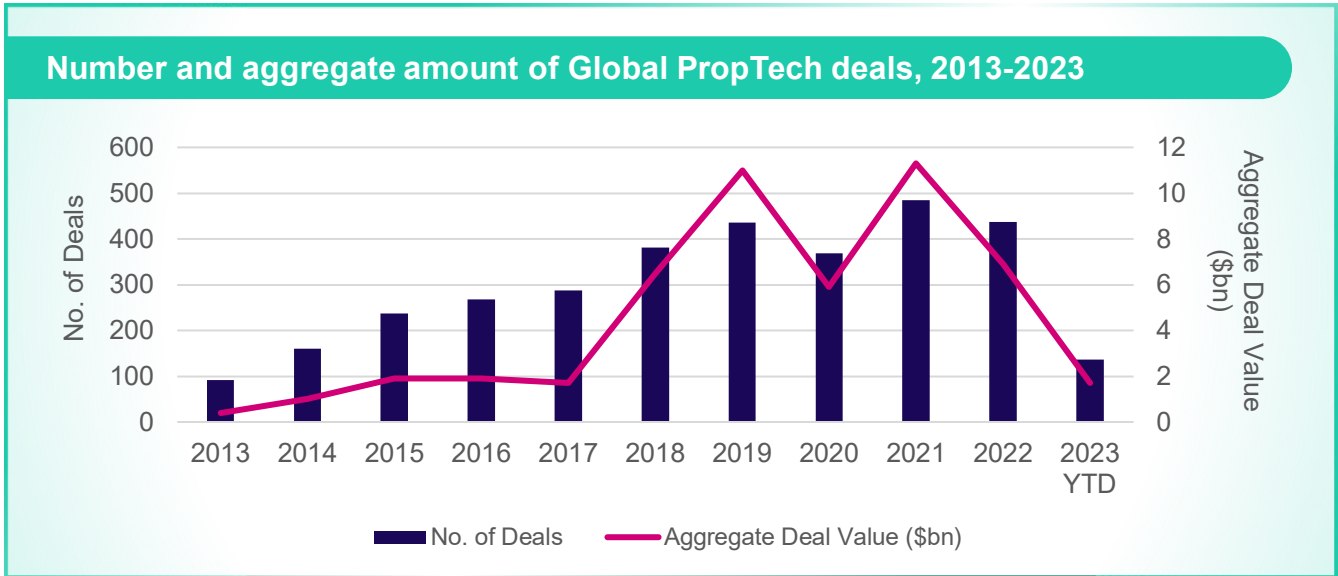


Unleashing Potential: Exploring the PropTech VC Investment Market



PropTech Company Financing at a Glance



Note: Excluded Add-on, grant, merger, secondary stock purchase, and venture debt deals.



Global PropTech deals grew faster and larger than total VC deals despite market headwinds in 2020 and 2022.



2013–2019:

Global PropTech deals recorded a steady increase with AAGR of its number and amount (+31.6% and +96.8%) threefold of that of total VC deals (+11.3% and +31.9%), riding on the wider growth in technology sectors and expansion of the shared economy. Accelerations were seen in 2014–2015 which marked the start of the PropTech wave stemming from the rise of American and European startups such as online real estate trading platform *Opendoor Technologies*, and in 2018–2019 mainly driven by large deals by technology and real estate giants like *Softbank* and *JLL Spark*.



2020–2022:

Due to Covid-19 lockdowns and the global recession, two headwinds were recorded for global PropTech deals in 2020 and 2022 respectively. Global VC deals were however immune to Covid-19 lockdowns in 2020 since investments in information technology and consumer discretionary were less affected, which also led to relatively better performance in the following years. As such, from 2020 to 2022, global VC deal growth outperformed PropTech deals in number and amount with 4% and 30% difference in AAGR respectively. However, the difference had been diminishing throughout the period due to increasing interest in PropTech startups offering remote property management and sales and rental services.



Afterall, global PropTech deals grew faster than VC deals in both numbers (AAGR: +21.7% vs +9.6%) and amount (AAGR: +65% vs 32%) over the entire period. The global PropTech share of total VC deal number and amount was 1.7% and 1.5% respectively in 2022, significantly rising from 0.7% and 0.6% respectively in 2013. On top of possible impacts by increasing interest rates, global PropTech deal sizes are also increasingly larger (AAGR: +28.6%) than that of VC deals (AAGR: +17.6%), resulting in slightly larger average deal size with a \$0.94 million difference.



Number and aggregate amount of APAC PropTech deals, 2013-2023



Note: Excluded Add-on, grant, merger, secondary stock purchase, and venture debt deals.

APAC outperforms global PropTech deals and is sustained by smaller deals amidst recent headwinds.



2013–2019:

APAC PropTech deals recorded a steady increase from 2013 to 2019, with accelerations in 2014–2015 and 2019, closely following and outperforming the global PropTech trend for both numbers (AAGR: +56.4% vs +31.6%) and amount (AAGR: +150.4% vs +96.8%). The emerging Asian market joined the trend not only positively but also stronger than its counterparts given its sophisticated built environments and adaptability to innovation, with booming economies like China, India and later Japan and South Korea being market leaders.



2020–2022:

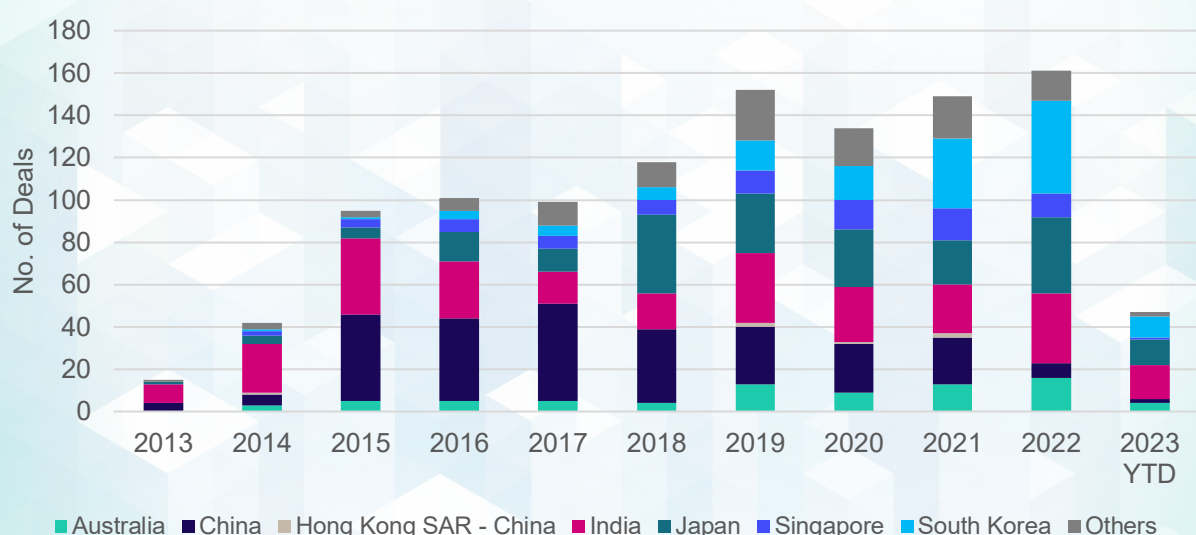
Besides Covid-19 lockdowns in 2020 and global recession in 2021, events such as the Chinese property sector crisis in 2021 exerted pressure on APAC PropTech deals, resulting in -18.3% and -24.8% difference in AAGR for deal numbers and amount respectively when compared to global PropTech figures. Meanwhile, the market was sustained by small deals attributed to the rising interest in companies from market players including Japan, South Korea, Singapore and Australia, making APAC PropTech deal numbers immune to market downward pressure in 2022.



Afterall, APAC PropTech deals grew faster than global PropTech deals in both numbers (AAGR: +38.2% vs +21.7%) and amount (AAGR: +92% vs 65%) over the entire period. The APAC share of global PropTech deal number and amount were 16.3% and 25% respectively in 2013, increasing to 31.9% and 60% in 2019 and eventually readjusting to 33.2% and 14.5% in 2022, showing a shifting pattern to smaller deals in recent years. Meanwhile, over the entire period, APAC PropTech deal sizes are increasingly larger (AAGR: +37.5%) than global deals (AAGR: +28.6%), resulting in a larger average deal size with a \$2.8 million difference.



Breakdown of APAC PropTech deals, 2013-2023



Note: Excluded Add-on, grant, merger, secondary stock purchase, and venture debt deals.

While the APAC market shifts from an Indian-Sino dominance to an inclusive field with players from East Asia, Australasia, Hong Kong's PropTech development remains sluggish.



2013–2019:

While all APAC countries have recorded steady increase in PropTech deals over the period, India and China have been the market leaders, contributing an average share of 32.4% and 30.4%, with rapid expansions in 2014–2015 and 2019. 2014-15 witnessed the rise of Indian and Chinese startups like *Commonfloor.com* and *Shenzhen Fangdd Network Technology* respectively, and 2019 mega-deals from major investors comprising technology companies like *Tencent Investment* in *Tianjin Hut Information Technology* (which is associated with *Beike*). The Indian-Sino dominance started to shrink in 2018-2019 as technology and real estate giants were looking for opportunities across the entire region. As such, in 2019 India's and China's share dropped to 21% and 17.8% respectively. This shift illustrates the rise of other countries led by Japan and later South Korea, along with Singapore and Australia emerging; together, they contribute 43.4% of all deals in the region.



2020–2022:

Amidst market headwinds suffered the most by China, the APAC market was sustained by small deals fueled by aforesaid rising market players from East Asia and Australasia. The largest deals from Japan, Singapore and Australia over the period were *The iYell Co* (USD 30.2mn), *Property Guru Pte.* (USD 146mn) and *Willow Technology Corp.* (USD 43mn) respectively. South Korea had a stand-out case of *Yanolja Co.* (USD 1.75bn), where the rest were dominated by small deals with *R Square Real Estate* (USD 72.1mn) coming second.



Record shows that **Hong Kong** had only one deal in 2014 and five deals from 2019-2021. The city's lukewarm response to the wider global and APAC trend is attributed to the previously sluggish technology development in town leading to disinterest from investors.



Hong Kong deals

New Concepts Holdings (2014)

- Investor: Tsing Capital (CN)

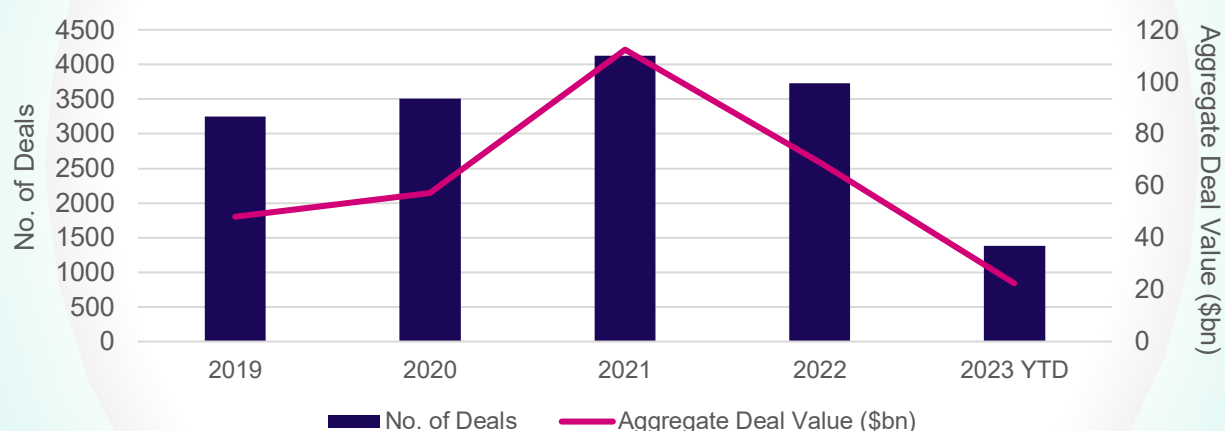
Dash Hong Kong Limited (2019, 2021)

- 2019 Seed Investor (USD 10mn): MindWorks Capital (HK)
- 2021 Series A investors (USD 8.8 mn): Gobi Partners (MY), Grosvenor (UK), MindWorks Capital (HK), Taronga Ventures (AUS), Clearmind Capital (HK)

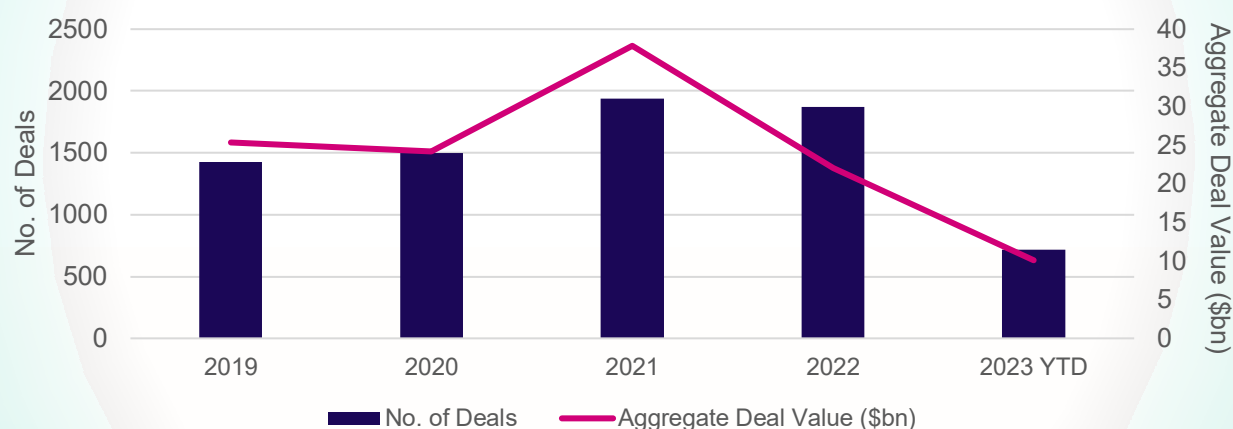
ViAct (2019, 2020, 2021)

- 2019 & 2020 Angel/Seed Investors: SOSV (US), Chinaccelerator (CN)
- 2021 Seed Investors (USD 2mn): SOSV (US), Alibaba Group (CN), Artesian (AUS), Vectr Ventures (HK), Particle Accelerator (HK)

Number and aggregate amount of Global Agtech, IOT, Big Data, and Clean Technology deals, 2019-2023



Number and aggregate amount of APAC Agtech, IOT, Big Data, and Clean Technology deals, 2019-2023



Other tech industries had relatively stable performance with much smaller deals facing recent headwinds.



Global deals in other tech industries including Agtech, IOT, Big Data, and Clean technology were immune to Covid-19 lockdowns in 2020 and had better performance in the following years when compared with PropTech deals.

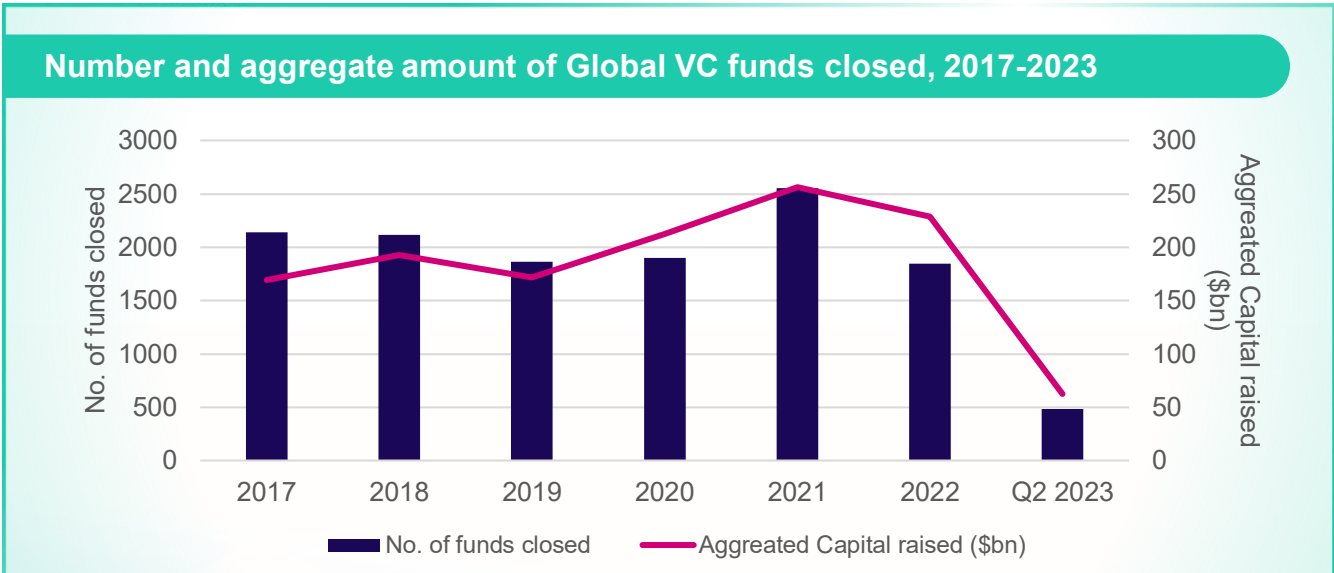
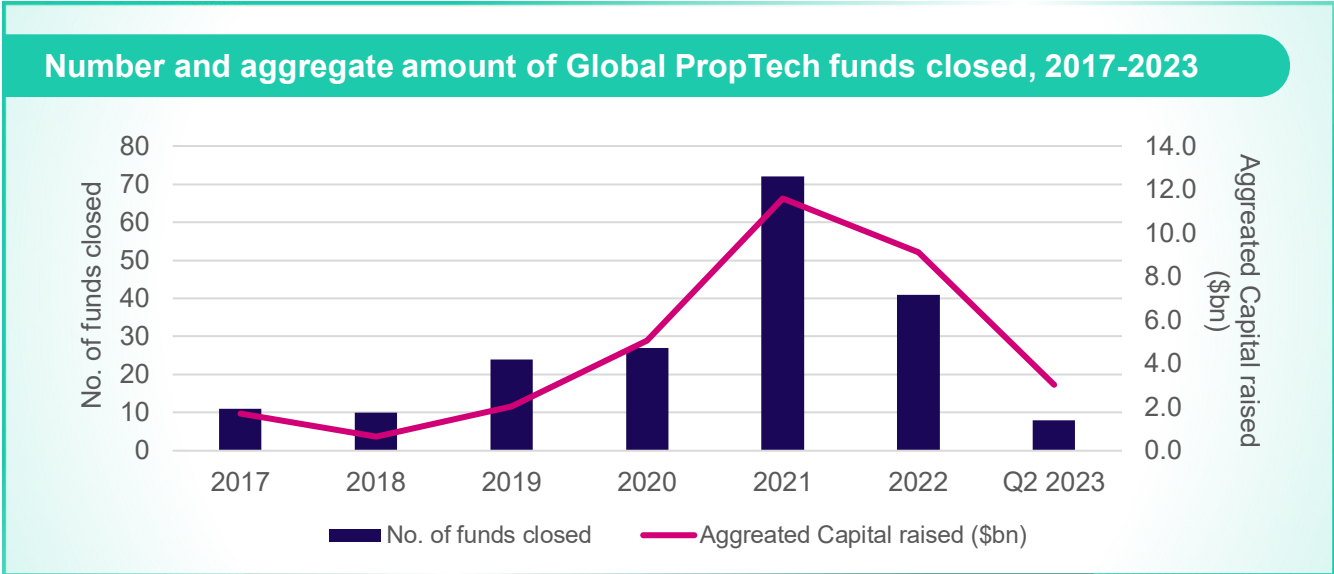


AAGR of global deals in other tech industries recorded difference of +3.2% and +23.6% compared with PropTech deals for numbers and amount respectively. AAGR of APAC deals in other tech industries recorded difference of +8.5% and +26.1% compared with APAC PropTech deals for numbers and amount respectively. Furthermore, APAC deals in other tech industries are growing faster than their global deals in terms of numbers (+4.9% difference) but not amount (-22.3% difference), indicating a drive towards smaller deals.



Overall, PropTech deals are far larger than those in other tech industries with 8.7 million USD and 6.7 million USD difference in number and amount respectively, despite the latter having a higher AAGR for both numbers (+7.4%) and amount (+1.6%). It shows that the market of other tech industries is still sustained by very small deals compared to that of PropTech.

PropTech Fundraising at a Glance



Source: Preqin Pro
Note: Excluded Add-on, grant, merger, secondary stock purchase, and venture debt deals.



Global PropTech fundraising grew faster and larger than global VC, possibly accumulating dry powder.



2017–2021:

Number of global PropTech fundraising activity and capital raised recorded rapid increase with acceleration in 2021, their AAGR (+77.5% and +108.6%) were more than tenfold that of VC fundraising (+5.8% and 11.8%). With rising interest in the long-term returns of PropTech investment triggered by the 2018-19 spur for PropTech deals closed by technology and real estate giants, PropTech fundraising sparked in 2019 and was immune to Covid-19 lockdowns in 2020. The boiling interest brought over to 2021 and significantly outperformed global VC fundraising with shared accommodative fiscal and monetary policies in place globally.



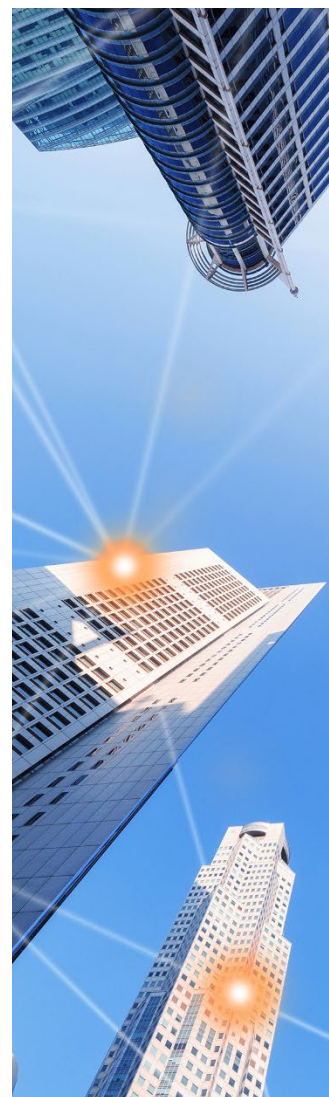
Post-2021:

Global PropTech fundraising was however struck more by the global recession in 2022 than that of VC fundraising, with -15.3% and -10.5% difference in % change for number and amount, which may possibly illustrate a pause in the boiling interest with dry powder accumulated.

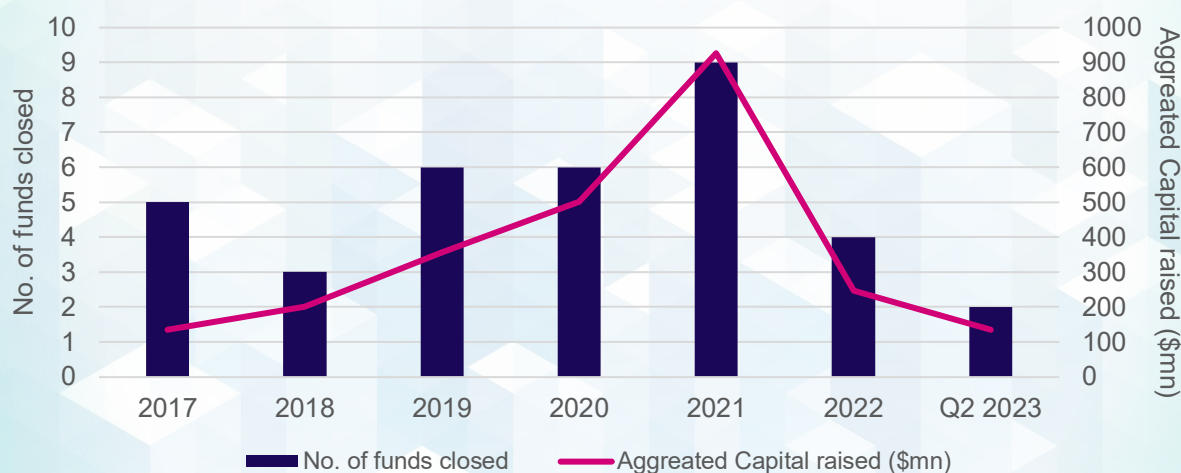
The greater AAGR of capital raised (+82.6%) than deals closed (+57.9%) over the period may imply accumulating dry powder of high uncalled investment. The above difference (+24.7%) is contrary to that of VC activities (-15.6%) which may present exhausted dry powder.



In sum, global PropTech fundraising grew faster than VC fundraising in both numbers (AAGR: +53% vs -0.9%) and amount (AAGR: +83% vs 7%) over the entire period. The PropTech share of total VC fundraising number and amount were 2.2% and 4% respectively in 2022, significantly rising from 0.5% and 1% respectively in 2017. Global PropTech funds are also increasingly larger (AAGR: +23.8%) than VC funds (AAGR: +10.1%), resulting in a slightly larger average deal size with a \$0.34 million difference.



Number and aggregate amount of APAC PropTech funds closed, 2017-2023



Source: Preqin Pro

Note: Excluded Add-on, grant, merger, secondary stock purchase, and venture debt deals.

APAC PropTech fundraising weaker than global performance, suggesting mild interest from APAC investors despite rising deals in the region.



2017–2021:

Number of APAC PropTech fundraising recorded slow increase, with a +27.5% AAGR lagging behind the global trend (+77.5%); Capital raised had better performance (+63.1%) but still behind the global trend (+108.6%). Meanwhile, APAC held a substantial share of global PropTech fundraising at the outset (30% and 31.4% for numbers and amount respectively in 2018) but substantially decreased thereafter due to stagnancy. Rather than pending interest, APAC investors' interest may have been curbed by a series of regional events especially in China, including government measures on property speculation since late-2016, stringent Covid-19 lockdowns in 2020, and eventually the property sector crisis in 2021.



Post-2021:

APAC PropTech fundraising was struck more by the global recession in 2022 than global PropTech fundraising, with -12.5% and -52% difference in % change for number and amount, on par with the above trend.



In sum, APAC PropTech fundraising grew slower than global PropTech fundraising in both numbers (AAGR: +10% vs +53%) and amount (AAGR: +35% vs 83%) over the entire period. The APAC share of total global PropTech fundraising number and amount were 9.8% and 2.7% respectively in 2022, significantly dropping from the 2018 figures stated above. While APAC PropTech fund size are growing faster than global funds with a 4.5% difference in AAGR, global funds have a much larger average deal size of \$33.2 million difference, implying that the APAC market was sustained by small funds.



Top PropTech Deals

Global Top 10 PropTech Deals (2021-2023 YTD)

Companies	Lead Investors	Year	Series	Amount (USD bn)
 Yanolja Co., Ltd.	 SB Investment Advisers	2021	/	1.75
 LendInvest Limited	 J.P. Morgan	2021	/	0.69
 LendInvest Limited	 J.P. Morgan	2022	PIPE	0.55
 Loft Brasil Tecnologia Ltda.	 D1 Capital Partners	2021	D	0.43
 Flow	 Andreessen Horowitz	2022	/	0.35
 Table Space Technologies Pvt. Ltd.	 Hillhouse Capital Mgt	2022	/	0.3
 Estate Intel	/ Black Founders Fund	2022	/	0.3
 QuintoAndar Serviços Imobiliários Ltda.	 Ribbit Capital	2021	E	0.3
 Doma Holdings Inc.	 The Gores Group	2021	PIPE	0.3
 Roofstock, Inc.	 SB Investment Advisers	2022	E	0.24

Note: Excluded Add-on, grant, merger, secondary stock purchase, and venture debt deals.

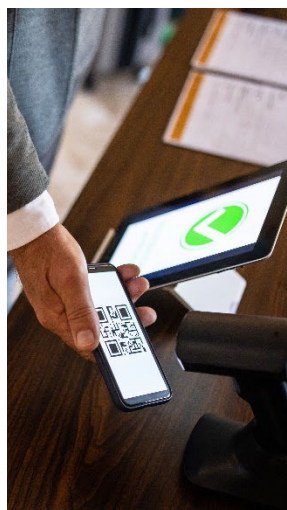
APAC Top 10 PropTech Deals (2021-2023 YTD)

Companies	Lead Investors	Year	Series	Amount (USD bn)
 Yanolja Co., Ltd.	 SB Investment Advisers	2021	/	1.75
 Table Space Technologies Pvt. Ltd.	 Hillhouse Capital Mgt	2022	/	0.3
 Tianjin Greentown Quanyun Village Construction and Development	 Chuangan Jinyuan Investment Mgt	2023	/	0.21
 NoBroker Technologies Solutions Private Limited	 General Atlantic, Tiger Global Management, Moore Strategic Venture	2021	E	0.21
 Kujiale.com	/	2021	Pre-IPO	0.2
 PropertyGuru Pte. Ltd.	 REA Group	2021	G	0.15
 DTwelve Spaces Pvt Ltd	 Alpha Wave Global	2021	D	0.11
 JustCo Management Pte. Ltd.	 Daito Trust Construction	2021	/	0.074
 R Square Real Estate Brokerage Corp.	 STIC Investments	2021	C	0.072
 Julive	 Tencent Investment, Oceanpine Capital	2021	C	0.061

Note: Excluded Add-on, grant, merger, secondary stock purchase, and venture debt deals.

Notable PropTech Deals

Recent Global Leaders (2020-2023 YTD)



Yanolja Co., Ltd.

Year of establishment: 2005

Country: South Korea

Largest Deal: Unspecified Round, 1.75bn USD, Jul 2021

Investor: SB InvestmentAdvisers

Established in 2005 and based in Seoul, South Korea, Yokogawa Co., Ltd., also known as Yanolja Co., Ltd., operates as a digital platform that provides hotel automation solutions. The company acquired Interpark and Dible in 2021 and was awarded as the world's leading hotel booking website chosen by Uzakrota Travel Awards one year later. In July 2021, the company raised KRW 2 trillion in venture funding from SB Investment Advisers.



LendInvest Limited

Year of establishment: 2008

Country: UK

Largest Deal: Unspecified Round, 0.69bn USD, Jan 2021

Investor: J.P. Morgan, Barclays Bank, HSBC Bank

Founded in 2008 and based in London, UK, LendInvest Limited operates an online peer-to-peer marketplace for property lending and investing. The firm provides bridging finance, development finance, and product transition, as well as investments in secured property loans, real estate funds, bonds, and mortgage lending services. In 2021, the company raised GBP 500 million in venture funding from J.P. Morgan and another GBP 150 million in venture debt funding from Barclays Bank and HSBC Bank.



Tianjin Hut Information Technology Co., Ltd.

Year of establishment: 2001

Country: China

Largest Deal: Series D, 2.41bn USD, Nov 2019

Investor: Sequoia Capital, Tencent Investment, Hillhouse Capital Management, SB InvestmentAdvisers, New Horizon Capital, Huaxing Growth Capital, Source Code Capital, Country Garden, Strait Capital, Gaw Capital Partners

Based in Beijing, China, and established in 2001, Tianjin Hut Information Technology Co., Ltd. doing business as Beike, is a platform that provides house rental services, real estate transactions, and house refurbishing services. The real estate brokerage brand Lianjia is a subsidiary of the company. In July 2019, the company raised USD 1.25 billion in serious D funding led by Tencent, with participation from new investors including Hillhouse Capital Group and Huaxing Growth Capital. In November 2019, the company raised USD 2.414 billion in series D+ funding co-led by SB Investment Advisers, Sequoia Capital, Hillhouse Capital Group, and Tencent Investment. In August 2020, it was listed on NYSE under the number BEKE. In May 2022, it was listed on Hong Kong Stock Exchange under the number 2423.

Notable PropTech Deals (Continued)

Prior Global Leaders (-2020)



Ziroom.com

Year of establishment: 2015

Country: China

Largest Deal: Unspecified Round, 1bn USD, Mar 2020

Investor: SB Investment Advisers

Established in 2015 and based in Beijing, China, Ziroom.com operates as an internet rental service platform that provides full lease, joint lease, long lease, and short lease services, as well as property management. The company provides apartment rental services and residential services such as house cleaning, moving and maintenance. Its products include Ziroom Youjia, Ziroom whole rent, landlord direct rent, Ziroom luxury house, Ziroom residence, Ziroom posthouse and Free ZSPACE. As far, the company serves nearly 3 million tenants. In March 2020, the company raised USD 1 billion in venture funding from SB Investment Advisers.



REEF Global, Inc.

Year of establishment: 2013

Country: US

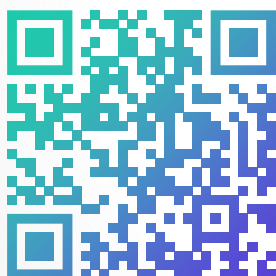
Largest Deal: Growth Capital/Expansion, 0.7bn USD, Nov 2020

Investor: Oaktree Capital Management, Target Global, SB Investment Advisers, Mubadala Capital, UBS Asset Management

Founded in 2013 and based in Florida, US, REEF Global, Inc. develops applications that offer online solutions in the fields of parking real estate and business automation. The company's service includes auto parking property, real estate connection, and micro-fulfillment centers. In November 2020, the company raised USD 700 million in growth funding from Management, Target Global, UBS Asset Management, and SB Investment Advisers.

About Hong Kong PropTech Association

The Hong Kong PropTech Association (HKPTA) is an independent organization representing Hong Kong's PropTech community. The Association aims to build a collaborative ecosystem of real estate technology stakeholders from property developers and technology companies to investors and startups by creating awareness, employment, education, advocacy, and investment opportunities around PropTech. We are dedicated to fostering communication, driving innovation agenda within the property industry, and encouraging technology-enabled solutions to improve our lives, businesses, cities, and the environment.



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As at 30 September 2021, KPMG China was based in 28 offices across 25 cities with over 13,000 partners and staff. Working collaboratively across all these offices, we can deploy experienced professionals efficiently, wherever our client is located.

KPMG China provides multidisciplinary services from audit and tax to advisory, with a strong focus on serving our clients' needs and their industries. Not only do we have an overriding commitment to provide the highest quality services for our clients, but we also strive to become a responsible corporate citizen that has a positive impact on our environment and community.

KPMG is a global organisation of independent professional services firms providing Audit, Tax and Advisory services. We operate in 145 countries and territories with more than 236,000 partners and employees working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such.