

## Lionheart Acquisition II narrows focus to five ‘very interesting’ proptech targets, CEO says

- Focused on targets disrupting real estate through technology
- Opendoor/Porch.com SPAC merger heightens interest in sector

Lionheart Acquisition Corporation II [NASDAQ:LCAPU] has reviewed more than 20 potential property technology targets since listing in August and five of them are “very interesting,” CEO Ophir Sternberg said.

The Miami-based blank check company is looking to buy a business with an enterprise value of at least USD 1bn that it can take public, Sternberg said.

It is taking a broad view of the sector by targeting high-growth companies that are disrupting real estate through technology, as well as real estate firms that utilize innovative technologies, and consumer-oriented businesses that include a real estate component.

“We are looking at them all, but companies that are more focused on providing technology than on property are more exciting right now,” Sternberg said. “They have a higher growth potential.”

Technologies of interest include software and hardware that can improve the identification, design, development, construction, operation, financing, management, and disposition of real estate properties.

Targets should generate attractive unit economics at scale, the CEO continued. If unprofitable, he said the target should have a path to get there. Lionheart could buy more than one business, he added.

Lionheart Acquisition raised USD 230m in its market debut in mid-August.

Real estate is “primed” for disruption, said Sternberg, who was born in Israel and served as a paratrooper in the special forces before moving to New York. There, he began buying distressed properties, and repositioning them for lease or sale. He moved to Florida in 2009, where he founded Lionheart Capital, a commercial and residential real estate investment firm. In 2010, his firm acquired the Ritz-Carlton Residences in Palm Beach, Florida, for USD 120m.

Proptech is a rapidly expanding category, the developer noted, that saw a 378% increase in funding from 2015 to 2018. Even so, he said the category has only received a fraction of the investments of other industries, like fintech, and business opportunities are poised to increase as technology drives new efficiencies.

This summer’s mergers of home-buying platform Opendoor and home services provider Porch.com with special purpose acquisition companies in two separate deals have created excitement in proptech.

Opendoor’s deal implies an enterprise value of USD 3.8bn and Porch.com implies a USD 523m valuation.

“It always helps when successful deals like that get done. They lift everyone up,” said Sternberg.

This is Sternberg’s second SPAC. He took control of Opes Acquisition [NASDAQ:OPES] in March and, at the eleventh hour, guided that SPAC into a USD 100m combination with BurgerFi, a fast-casual restaurant chain.