

ASX ANNOUNCEMENT

Review Property Pty Ltd Acquisition – Issue of DHG shares

Sydney, 26 February 2018: Domain Holdings Australia Limited [ASX:DHG] (“**Domain**” or “**Company**”) today announced that it has entered into a sale agreement with shareholders of Review Property Pty Ltd (“**Review Property**”) to acquire shares in Review Property through a wholly-owned subsidiary of Domain. Upon completion, Domain will control more than 98% of issued shares in Review Property.

As previously disclosed in the Domain Scheme Booklet, the expected consideration for the proposed transaction is approximately \$36 million in Domain shares, based on projected performance and a valuation of Review Property of \$72 million (equivalent to nine times FY17 EBITDA of \$8 million).

The consideration will be paid in three tranches and part of it will be contingent on future financial performance of Review Property:

- a completion payment of approximately \$18 million to be substantially paid in Domain shares (completion is targeted to occur on 28 February 2018);
- a second payment in 2019 after the Half-Year results, in the range of \$0 to approximately \$11 million of Domain shares, subject to the EBITDA result of Review Property in calendar year 2018; and
- a third payment early in 2020 after the Half-Year results, in the range of \$0 to approximately \$11 million of Domain Shares, subject to the EBITDA result of Review Property in calendar year 2019.

The maximum consideration for the proposed transaction is approximately \$40 million worth of Domain shares.

Each tranche of Domain shares will be subject to a holding lock period of maximum 4.5 years from the time of issue, where shares may be released from the holding lock sooner subject to the holder meeting certain criteria including ongoing advertising commitments. The minimum time period for all of a seller's shares in a tranche to be released from holding lock is two years.

Review Property is currently a controlled entity and its earnings are fully consolidated by Domain. As outlined in Section 6.2.6.2 of the Domain Scheme Booklet, the agent proportional share of Domain's FY17 pro forma historical EBITDA was \$10 million across all of the agent ownership models. For illustrative purposes, if the Review

Domain

Property transaction outlined above had occurred prior to the commencement of FY17, then the agent proportional share of Domain's FY17 pro forma historical EBITDA would have reduced from \$10 million to \$6 million.

In accordance with ASX Listing Rule 3.10.3, Domain announces that:

- the securities that will be issued will be ordinary DHG shares;
- the maximum number of DHG shares to be issued is approximately \$40 million worth of shares across the 3 tranches detailed above;
- the issue price in respect of each tranche issue is the volume weighted average price (VWAP) in the 5 Business Day period immediately prior to the date of issue in respect of each tranche payment;
- to determine the total number of DHG shares in respect of each tranche issue, the dollar amount of the relevant tranche consideration will be divided by the DHG issue price and the resulting number will be divided amongst the sellers of the Review Property shares in accordance with proportions set out in the sale agreement. Where necessary, there will be rounding up to the nearest whole number to determine the number of DHG Shares that each seller will receive. The total number of DHG shares to be issued will be the aggregate number of DHG shares that the sellers will receive.
- the securities will be issued subject to the terms of a holding lock as outlined above;
- the purpose of the issue is to pay consideration for the acquisition of Review Property shares;
- Domain is not seeking shareholder approval in relation to the issue of the DHG shares. The transaction was referred to in the Domain Scheme Booklet that was approved by Fairfax Media shareholders in relation to the separation of Domain from Fairfax.

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