

ASX ANNOUNCEMENT

Additional debt facility and other responses to COVID-19

Sydney, 26 April 2020: Further to an announcement on 20 March 2020, Domain Holdings Australia Limited [ASX:DHG] (“**Domain**” or “**Company**”) today announces an agreement with its banking group for an additional debt facility and financial covenant waivers for June and December 2020, and an update on the implementation of cost initiatives to manage the potential impact of the COVID-19 coronavirus.

Additional debt facility

Domain has strengthened its liquidity position by reaching agreement with its banking group for a new debt facility of \$80 million, with a term of 18 months. The facility is in addition to the \$225 million facilities announced to the market on 8 November 2019, with terms of three and four years. Domain’s banking group has also agreed to a waiver of the group’s financial covenants as at June and December 2020.

Domain’s net debt at 31 March 2020 was \$149.5 million compared with \$147.9 million at December 2019.

Cost initiatives

Domain is committed to maintaining its track record of disciplined cost management, balancing our confidence to continue investing in our business evolution with the need to prudently take account of the prevailing trading environment.

Staff and employee-related costs

Domain’s key assets are our people, our relationships and the product IP that we develop. At the same time, around 45% of Domain’s cost base relates to staff and employee-related expenses which cannot realistically be excluded from a broad based cost management program. To address these competing priorities, Domain has launched a voluntary staff program to deliver a 20% reduction in staff costs, while retaining employee talent and business momentum for the long term. Employees were offered the opportunity to participate in a Share Rights program whereby they could receive a percentage of their salary package over the next six months in share rights (Rights), or alternatively elect to reduce working hours. Both options have the effect of reducing staff costs over the next six months.

The plan has been overwhelmingly supported by Domain employees, with the majority electing to take a percentage of their salary in Rights. Domain’s Leadership Team has elected to participate at higher rates: 30% for executive leaders and 50% for the CEO and Board members. The plan will take effect for six months from May 2020.

The Rights will vest in early November 2021 subject to continued employment, and the Rights may be exercised thereafter. The Rights granted to the Directors will be settled with DHG shares purchased on market. On vesting of the remaining Rights, the Board has the discretion to deliver the DHG shares to employees through on-market purchases, or the issue of new shares. If new shares are issued, they would amount to approximately 0.5% of shares currently on issue.

Other initiatives

A number of other cost initiatives have also been implemented including pausing Domain’s print publications until listings demand returns, and social-distancing measures affecting delivery, content and supply production are eased. Marketing expenditure on outdoor, radio, sporting and events is

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being reduced and focused on channels where audiences remain engaged. Domain is also taking advantage of broad media availability to support opportunistic investment where it makes sense.

CEO Jason Pellegrino said “I would like to express my thanks to the entire Domain team and to our banking group for their tremendous support. In the context of current restrictions and market conditions, Domain remains a strong business, with a diverse and unique audience, and innovative solutions to serve agents and consumers in challenging times.

“I am very proud that we have come up with a range of initiatives that help deliver immediate and material cash flow savings, while also allowing us to retain Domain’s most important asset - our people and their ability to deliver innovative products. In a time of rapid digital transformation, the employee program and additional debt facility provide Domain with flexibility to maintain the pace of our business model evolution, while remaining well positioned to trade through the wide range of potential market scenarios that lie ahead.”

Trading update

Trading in the FY20 March quarter (1 January - 31 March 2020), adjusted for divestments saw:

- Digital revenue increase 3% for the quarter, and 15% for the month of March
- Total revenue increase 1% for the quarter, and 10% for the month of March.

The month of March saw a recovery of new listings in key markets. Residential depth yield increased 17% for the month, benefiting from the positive impact of Domain’s new flexible pricing model, and increased depth penetration across all states. While April listing volumes are reflecting COVID-19 impacts, March’s performance (prior to the impact of COVID-19 restrictions), provides confidence that Domain is well positioned when markets return to normal.

Ends

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