

ASX / Press Release

16 October 2018

**Update on the LIFULL Co., Ltd Scheme of Arrangement to Acquire
100 Percent of the Mitula Group Limited**

On 9 May 2018, the Mitula Group Limited (“**Mitula Group**” or “**Company**”) (ASX: MUA) entered a Scheme Implementation Deed (“**Deed**”) with LIFULL Co., Ltd (“**LIFULL**”) to facilitate LIFULL acquiring 100 percent of the Company.

At the time of entering the Deed, the implied value of the scrip consideration was AUD 0.85 per Mitula Group share based on the 5-day VWAP of LIFULL shares being YEN 925 and a AUD:JPY exchange rate of 81.9. The closing price of LIFULL shares on the Tokyo Stock Exchange (“**TSE**”) on 9 May was YEN 948.

Since entering the Deed, LIFULL’s share price has fallen significantly and at the close of business on 15 October 2018 was YEN 551 – a 41.9 percent discount to its closing price on 9 May 2018. The implied value of the scrip consideration was approximately AUD 0.58 per Mitula Group share – a 31.8 percent discount to the implied value of the scrip consideration of AUD 0.85 on 9 May 2018.

The Directors are very disappointed by this significant decrease in the LIFULL share price and the implied value of the scrip consideration for the Mitula Group shares.

The Directors continue to believe in the strategic rationale of combining the Mitula and Trovit businesses and are fully aware that Mitula would represent approximately 9% of the combined LIFULL and Mitula revenue and approximately 17% of the combined EBITDA.

The Directors are conscious that a significant percentage of shareholders hold 20,000 or less Mitula Group shares and will receive AUD 0.80 cash per share as consideration (assuming they do not elect to receive the scrip consideration for all of their shares). The Directors also recognise that holders of well in excess of 50 percent of the Company’s issued capital would receive LIFULL scrip as consideration and will focus on the value of that scrip.

The Directors are hopeful that the LIFULL share price will recover by the date scheduled for the scheme meeting. If the LIFULL share price increases, the implied value of the scrip consideration (subject to any changes in the AUD:JPY exchange rate) should also increase.

A catalyst for a recovery in the LIFULL share price could be the release of better than expected 2018 full year results¹ or a better than expected 2019 profit forecast. LIFULL is expected to release a summary of its 2018 full year financial information in the second half of October 2018.

¹ LIFULL Co., Ltd full year ends 30 September 2018

As required by the terms of the Deed, the Directors are continuing to recommend that Mitula Shareholders vote in favour of the Scheme (subject to the independent expert concluding that the Scheme is in the best interests of Mitula Group shareholders).

However, the Directors are also required by their fiduciary and statutory duties to monitor the situation and advise shareholders up until the date of the scheme meeting if they change their recommendation.

Accordingly, the Directors will continue to execute their fiduciary and statutory duties and monitor market announcements by and sentiment towards the LIFULL business, the impact this has on the LIFULL share price and thus the implied value of the scrip consideration, and they will update Mitula Shareholders should their recommendation change.

The Directors note that the Scheme will fail if shareholders owning a combined 25 percent of the Mitula Group's issued capital form the view that the scrip consideration undervalues the Company and they vote against the Scheme.

The preparation of the Scheme Booklet has been delayed due to the complexity of the scheme. The scheme booklet is now expected to be released at the beginning of November with the Scheme Meeting hopefully being held in the first half of December.

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About the Mitula Group

The Mitula Group was founded in 2009 and is a leading digital classifieds group operating vertical search, portals, and transaction based sites:

- It operates 110 vertical search sites across property, employment, motoring, and fashion in 54 different countries and 21 different languages. These sites operate under the Mitula, Fashiola, Kleding.nl, Nestoria and Nuroa brands; and
- It operates 10 property portals in 9 South East Asian countries under the DotProperty and Thailand-property brands.

The Mitula Group generated a record 85.7 million visits in May 2018 to its network of vertical search and portal sites.

The Mitula Group monetises visits to these sites through a range of products and services including:

- Clicks based revenues: Google AdSense and cost-per-click sales;
- Advertising based revenues: display advertising, listing sales (on portals), native ads, and other advertising products; and

- Transaction based revenues: cost-per-acquisition, cost-per-lead and commission sharing products.

The Mitula Group customers include portals (property, employment, and motoring), online fashion stores, general classified sites, real estate agents, developers, and general display advertisers.

The Company listed on the Australian Securities Exchange (“ASX”) on 1 July 2015 and trades under the ASX code MUA.

Further Information

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