

ASX ANNOUNCEMENT

6 May 2024

Openn to Acquire Australian PropTech Business

This announcement does not lift the Company's existing voluntary suspension

HIGHLIGHTS:

- Openn has signed a binding business sale and purchase agreement to acquire Proffer Group Pty Ltd, a property technology business designed to combat chronic under supply issues in the ANZ marketplace by seamlessly connecting buyers, agents and potential vendors to transact unlisted properties.
- \$2.5 million private share placement (with capacity to accept additional funding via over-subscription) to be conducted to fund expenses of the Acquisition and operations of the combined group post completion.
- The Acquisition will result in an integrated product suite that will deliver Australia's only end-to-end on and off market transaction capability thereby ensuring a meaningful and unique value proposition to accelerate combined platform adoption.
- Openn's platform and customer base to swiftly facilitate adoption of Proffer via integration and cross-sell initiatives - including direct promotion of Proffer's value proposition to Openn's 146,000+ users.
- Opportunity to unlock revenue from unlisted properties whilst enhancing the overall agent proposition to include vendor appraisal generation.

Australian-listed property technology company, Openn Negotiation Limited (**Openn, the Company or Group**) (**ASX: OPN**), has signed a binding business sale and purchase agreement (**SPA**) to acquire Proffer Group Pty Ltd (ACN 676 146 508) (**Proffer**), a property technology (**PropTech**) business that expands the Australian real estate marketplace by allowing buyers to research, value and submit a qualified offer for any residential property in the Australian market regardless of whether it is listed for sale (**Acquisition**).

Proffer will expand and enhance Openn's existing technology by generating qualified buyer and vendor leads for Agents from previously unlisted properties. This is anticipated to deliver a more scalable revenue proposition for the Group whilst increasing the potential yield from data assets aggregated via the current Openn product suite.

Openn's Managing Director, Peter Gibbons said, "Openn's acquisition of Proffer strengthens our position in the real estate industry by creating a more comprehensive solution to acquiring property. By combining our offerings, we'll further revolutionise the way property transactions happen globally. This powerful combination unlocks enormous, scalable growth potential. We're also thrilled to welcome proven leaders from the Proffer team, whose expertise will be instrumental in achieving our vision."

Incoming Proffer Executive Sam Rettke said, "The combined Proffer and Openn proposition is genuinely unique in the Au/NZ market and delivers solutions to some of the most critical pain points faced by buyers, agents and vendors alike. I'm excited to bring this new solution to the industry with the Openn team."

About Proffer

Proffer is an innovative new PropTech platform that allows users to search for property by address or suburb and delivers a detailed property profile for properties including access to a range of Automatic Valuation Methods from leading third-party providers to support the users' research and valuation requirements.

Proffer users can submit a "Proffer" for any property they search and will be connected with a leading local agent to engage the vendor and complete a potential transaction via the Openn platform. Prospective buyers complete identity verification via Australian Payments Plus' ConnectID service as part of the Proffer process to ensure that agents and vendors only deal with offers that have been pre-qualified from an ID and Property Valuation perspective. Current and roadmap features of the Proffer platform include:

- Address and suburb-based property search including capacity to search buy price and property attributes.
- Property Profile reports for over 11 million residential properties in Australia.
- Automatic Valuation Method feeds from leading third-party providers.
- "Submit your Proffer" lead capture for agents and prospective vendors.
- Integration with ConnectID's identity verification service.
- Vendor registration and "dream price" capture.
- Agent referral capabilities to support appraisal and vendor generation for subscribing agents.

It is proposed that Proffer will operate on a hybrid subscription and transactional fee model generating revenue from:

- Subscription revenue from Agents accessing Proffers for their local area.
- Fee per lead and settlement revenue for pre-qualified Proffers generated on platform.
- Referral revenue from Conveyancing and Mortgage partnerships.

The platform is scheduled to launch in Q4 FY24 and is in the process of securing cornerstone partnerships with a number of agency and referral partners providing access to initial subscribing agents, qualified buyers and vendors.

Acquisition Terms

In consideration for the Acquisition, Openn has agreed to issue to the shareholders in Proffer 280,000,000 fully paid ordinary shares in the Company at a deemed issue price of \$0.00475 per Share (**Consideration Shares**) and two tranches of 280,000,000 performance shares which will vest into ordinary shares on a 1:1 basis subject to the achievement of revenue-based criteria for 2024/25 and 2025/26 financial years (further details outlined in the Annexure to this announcement) (**Performance Shares**).

The Consideration Shares and Performance Shares will be issued subject to shareholder approval under Listing Rules 7.1 and 10.1 and will be escrowed for a period of 12 months from the date of issue. The issue price of the Consideration Shares was set at a 18.75% premium to the previous entitlement offer conducted by the Company in July 2023 of \$0.004.

Further information regarding the terms of the Acquisition is set out in the Annexure.

Confirmation has been received from the ASX that Listing Rules 11.1.2 and 11.1.3 do not apply to the Acquisition.

Capital Raising

In connection with the Acquisition, the Company is proposing to conduct a conditional private placement of up to 526,315,790 ordinary shares at an issue price of \$0.00475 (**New Shares**) to sophisticated and professional investors to raise approximately \$2.5 million (before costs) (**Placement**) with the ability to accept oversubscriptions of \$0.5 million subject to demand and mutual agreement by Openn and CPS Capital Pty Ltd (ACN 088 055 636) (**CPS Capital**).

The Placement will be conducted in two tranches with Tranche 1 utilising Openn's Listing Rule 7.1 and 7.1A capacity and Tranche 2 to be approved at a shareholder meeting to be convened in due course.

The proceeds from the Placement will be applied toward growing the business of the Company and Proffer and toward costs associated with the Acquisition.

The Company has engaged CPS Capital to provide lead manager services in relation to the Placement. CPS Capital will receive the following fees pursuant to the Placement:

- a Management Fee equal to 2% of the gross proceeds raised under the Placement to be paid in cash;
- a Placement Fee equal to 4% of the gross proceeds raised under the Placement to be paid in cash; and
- the issue of 53,000,000 unquoted options with an exercise price of 150% of the Consideration Price offered under the Placement, expiring on or before 3 years from the issue date) (Lead Manager Options). Should the Placement size be increased from the minimum of \$2,500,000 then the quantum of lead manager options will increase pro rata. The Lead Manager Options are to be issued at \$0.00001 per option and their issue is subject to receipt of shareholder approval in general meeting.

ASX Listing Rule 10.1

The vendors in the proposed Acquisition are Axiom Investment Holdings Pty Ltd (50%), a wholly owned subsidiary of Axiom Properties Ltd (**Axiom**), Infocus Enterprises Pty Ltd (50%) (**Infocus**).

Axiom is a person to whom Listing Rule 10.1.3 applies because Axiom has a relevant interest in 19.77% of the voting shares of the Company as at the date of this announcement. It is further noted that Ben Laurance is a director of Axiom in addition to being a director of the Company. Infocus is an unrelated party of the Company and Axiom.

Accordingly, the Company intends to seek shareholder approval for the purposes of Chapter 10 of the Listing Rules and, if required, item 7 section 611 of the Corporations Act, to permit the issue of the Consideration Shares and Performance Shares to Axiom. An independent expert's report on the Acquisition will be prepared in accordance with these requirements.

Shareholder approvals

The Company intends to convene a general meeting to seek shareholder approval to for the Acquisition (**General Meeting**) including to seek shareholder approval to:

- issue the Consideration Shares and Performance Shares to the Vendors for the purposes of Listing Rule 7.1 and Listing Rule 10.1 and, if required, for the purpose of item 7 section 611 of the Corporations Act;
- issue the New Shares under the Placement for the purposes of Listing Rule 7.1 and 7.1A and for all other purposes; and
- issue the Lead Manager Options for the purposes of Listing Rule 7.1 and for all other purposes.

A notice of meeting for the Acquisition and its related matters will be circulated to shareholders in due course. The notice of meeting will contain further detailed information in relation to the Acquisition, including information on Proffer and the SPA.

Annexure – Material terms of SPA

Acquisition	The Company has agreed to acquire, and the vendors have agreed to sell, 100% of the issued capital of Proffer.
Consideration	<p>Consideration for the Acquisition comprises:</p> <ul style="list-style-type: none"> • 280,000,000 Shares at a deemed issue price of \$0.00475; and • Performance Shares which will convert into ordinary Shares subject to the achievement of revenue-based criteria as follows: <ul style="list-style-type: none"> ○ 280,000,000 Performance Shares will convert into ordinary Shares where the Proffer Business achieves at least \$1 million in Revenue in the financial year commencing 1 July 2024 and ending 30 June 2025; and ○ 280,000,000 Performance Shares will convert into ordinary Shares where the Proffer Business achieves at least \$2 million in Revenue in the financial year commencing 1 July 2025 and ending 30 June 2026, <p>with the achievement of the above revenue-based criteria to be evidenced in the consolidated audited financials of the Company for the relevant financial years. In determining whether the revenue milestones have been achieved, any one-off or extraordinary revenue items, revenue received in the form of government grants, allowances, rebates or other hand-outs or revenue or profit that has been “manufactured” to achieve the performance milestone for the relevant financial year shall be excluded in line with ASX’s stated policy in Guidance Note 19.</p> <p>The Performance Shares will convert pro rata based on the amount of Revenue achieved for the relevant period. For example, if the Proffer Business achieves \$500,000 Revenue in FY25, then 50% of the FY25 Performance Shares will convert into Shares in accordance with these terms (and 50% of the FY25 Performance Shares would remain unconverted).</p>
Conditions precedent	<p>Completion of the Acquisition will be conditional upon satisfaction of the following conditions precedent:</p> <ul style="list-style-type: none"> • the Company having received firm commitments from sophisticated and professional investors for the Shares proposed to be issued under the Placement; • the Company having received confirmation from the ASX that Listing Rule 11.1 does not apply to the Acquisition and that ASX will not exercise its discretion under Listing Rule 11.1.2 or 11.1.3 in respect of the Acquisition; • the Company having received all necessary shareholder approvals to complete the Acquisition, including, but not limited to approval for the purposes of item 7 section 611 of the Corporations Act and approval for

	<p>the purposes of Listing Rules 7.1 and 10.1, and any other third-party consents or waivers necessary to complete the Acquisition; and</p> <ul style="list-style-type: none"> the independent expert's report prepared for the purposes of the item 7 section 611 approval (if required) and the Listing Rule 10.1 approval having opined that the Acquisition is 'fair and reasonable' to the non-associated shareholders of the Company.
Material contracts	The vendors are required to obtain all consents that are required to be obtained from the counterparties to Proffer's material contracts and must, in relation to each contract, jointly approach the relevant counterparty to request that consent and provide all information reasonably required by the relevant counterparty in connection with the request for consent.
Warranties	The binding agreement contains representations and warranties considered standard for an agreement of its nature.
Restraints	The binding agreement contains a non-compete and restraint clause applicable to Paul Santinon, Ben Laurance and Robert Edgar, who are Directors of the vendors, effective for a maximum of 5 years from completion

This announcement is authorised for market release by the Board of Openn Negotiation Ltd.

ENDS

Further information:

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About Openn Negotiation

Openn Negotiation Limited (ASX: **OPN**) is an Australian property technology company offering a proprietary cloud-based software platform to support real estate agents in selling property online with greater transparency.

The Openn platform facilitates a negotiation process, featuring streamlined digital contracting and automated communication tools, which enhances a property transaction. The solution provides buyers with real-time feedback through their device on how much competition exists and where their price stands in the negotiation, resulting in an optimal sales outcome.