



## ASX Announcement Select Exploration Limited

ABN: 25 062 063 692

#### **Contact Details**

Mr Phil Warren

Non-Executive Director

Mr Steven Wood

**Company Secretary** 

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## **Media Enquiries**

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### **Capital Structure**

Shares on Issue 324,923,228

Listed Options 27,443,884 Exercisable at \$0.35 by 30/09/15

Unlisted Options 3,850,000 Exercisable at \$0.36 by 30/06/16

## **SLT Board**

Ian Macliver

Non-Executive Chairman

**Mark Titchener** 

Non-Executive Director

**Phil Warren** 

Non-Executive Director

Steven Wood

Company Secretary

ASX Code: SLT

www.selectexploration.com.au

Manager of Company Announcements ASX Limited Level 6, 20 Bridge Street SYDNEY NSW 2000

7 April 2015

## **ACQUISITION OF RENT.COM.AU & CAPITAL RAISING**

## **Highlights**

- Select to acquire Rent.com.au Australia's #1 dedicated rental property focussed website.
- Select to raise \$5 million to fund commercialisation of RENT's established platform, content and products.
- Strong investor demand indicated following recent investor marketing.
- RENT performing strongly with traffic to www.rent.com.au averaging over 220,000 unique visitors per month throughout first quarter of 2015.
- Excellent results from launch of RentBond product in February 24,000 unique page views and 1,327 RentBond applications received to date

The directors of Select Exploration Limited (ASX: SLT) ("Select" or "Company") are pleased to provide an update on the progress of the proposed acquisition ("Acquisition") of Rent.com.au Pty Ltd ("RENT") by Select and associated capital raising ("Capital Raising").

## **Transaction Update**

As announced on 17 December 2014, Select proposes to acquire 100% of RENT. As part of the Acquisition, Select will complete a Capital Raising of \$5 million and a consolidation of its issued share capital.

The Capital Raising will be completed by way of a prospectus offering at a price of \$0.20 per share (on a post-consolidation basis).

Recent investor marketing of RENT has been very encouraging and a final prospectus is expected to be lodged shortly.

GMP Securities Australia Pty Limited is acting as Lead Manager to the Capital Raising and BBY Ltd is acting as Co-Manager.

Funds raised in the Capital Raising will be applied to a national sales and marketing campaign in order to facilitate the commercialisation of RENT's established platform, content and products. To date RENT has established itself as a top 10 national property website with minimal advertising. Through





targeted marketing campaigns, RENT will seek to increase levels of site traffic and brand awareness. A key focus of the strategy will involve targeting the non-agent landlord market which offers a substantial offline to online shift opportunity.

As previously announced, the acquisition of RENT will constitute a change in the nature of Select's activities pursuant to Chapter 11 of the ASX Listing Rules. Select is accordingly required to obtain shareholder approval for this change and also to re-comply with the admission requirements of Chapters 1 & 2 of the ASX Listing rules. A notice of meeting will be issued to shareholders shortly.

The issued capital of the Company will be consolidated on the basis of 1 share for every 33.33 existing Select Shares held (with existing options also being consolidated in accordance with the ASX Listing Rules).

Following the completion of the Acquisition and subject to shareholder approval, Select will be renamed "Rent.com.au Ltd".

## **Capital Structure**

The indicative capital structure for RENT following completion of the Acquisition, Capital Raising and re-instatement to trading on the ASX is set out below:

Equity component	Shares <sup>2</sup>	Options <sup>2</sup>	Performance Shares and Performance Rights <sup>2</sup>
On issue as at date of Prospectus <sup>1</sup>	9,747,697	938,817	-
Issued pursuant to the Public Offer	25,000,000	-	-
Issued pursuant to the RENT Vendors	53,049,895	-	24,482,313
Issued pursuant to the Employee Offer		37,000,000	13,017,687
Issued to advisors and brokers		7,000,000 <sup>3</sup>	-
Total following completion of the Acquisition and Offers	87,797,592	44,938,817	37,500,000

#### Notes:

- 1. Post Consolidation basis. Assumes a 1 for 33.33 share consolidation
- 2. Details of the terms and conditions of shares, options and performance shares and rights are detailed in the prospectus
- 3. To be escrowed for 24 months post completion

#### **RENT Update**

RENT continues to perform strongly with excellent progress in site traffic numbers and new product roll-out.

Mr Woschnak said "We have had strong traffic volumes over the past three months with a record 230,000 unique visitors in January, 220,000 in February and 230,000 unique visitors again in March – all on the back of minimal marketing effort. The Capital Raising will enable RENT to accelerate our commercialisation plans and leverage our market leading content and product infrastructure."





"Our marketing strategy will involve targeted promotion of our renter products which, despite only limited advertising expenditure to date, has shown exciting results. Since its launch in February 2015, RentBond, an innovative product developed exclusively with FlexiGroup Limited, has received over 24,000 unique page views and over 1,327 applications."

Mr Woschnak also pointed out that, in addition to other results, RENT's recently upgraded mobile platform, which now includes map search functionality, was a key driver of RENT's traffic, with almost 50% of visits to rent.com.au occurring via the mobile site. "This demonstrates the popularity of our site's mobile solutions to the core 18-35 year old renter demographic, which is also a highly sought after and addressable market for advertisers".

### **Indicative Timetable**

An indicative timetable is shown below:

Indicative timetable	
Lodgement of Prospectus with ASIC	ТВА
Opening Date for the Offers	TBA
Closing Date for the Offers	Friday 15 May 2015
Annual General Meeting	Friday 15 May 2015
Completion of Acquisition	Monday 1 June 2015
Issue of Securities under the Offers	Monday 1 June 2015
Dispatch of holding statements	Tuesday 2 June 2015
Expected date for Shares to be reinstated to trading on ASX	Friday 5 June 2015

<sup>\*</sup>Shareholders should note that the above timetable is indicative only and may change. The Company will keep shareholders updated on the timing of the implementation of the transaction as it progresses.

For further information in relation to the Acquisition of Capital Raising please contact the Company on (08) 9322 7600.

For and on behalf of the Board

Ian Macliver Chairman





#### About Rent.com.au

RENT operates a website and mobile platform dedicated purely to rental property in Australia. It was established by experienced real estate and new media entrepreneur Mark Woschnak and commenced operations in 2007. To date \$10.3 million of equity has been raised and invested in the RENT platform. RENT aims to create the true home for renting by providing Australia's widest choice of rental properties on its website (www.rent.com.au), with listings from both property agents (approximately 54% of the rental market) and non-agent landlords (landlords who do not use a real estate agent, representing approximately 46% of the rental market), complimented by a suite of products and services that address the needs of all participants in the rental property market.

RENT has followed a staged approach to development of its business, concentrating its efforts to date on the development of the necessary technology, product alliances and critical mass of content and is now ready to commercialise the platform. Its primary website www.rent.com.au is now a top 10 national property website despite limited marketing and has:

- over 50,000 active rental property listings nationwide;
- 5,600 property agents nationwide listing their rental properties on the site;
- 200,000 monthly unique visitors to this site; and
- offers a suite of products for renters, non-agent landlords and property agents.

### **The Australian Rental Market**

There are approximately 7 million renters in Australia, or 30 per cent of the population. This percentage is expected to grow as home ownership becomes less affordable and renting becomes more of a lifestyle choice.

Renters on average move property every ten months, creating a high turnover and demand for rental properties and represents potential repeat business for RENT. There are approximately three million rental transactions every year in Australia, approximately five times as many transactions as in the property sales market sector.

Around 46 per cent of Australia's rental market is managed by non-agent landlords. Non-agent landlords traditionally have advertised in print media and other offline sources to attract renters and have therefore had limited services and resources available to them. As a result the non-agent landlord rental market is highly underserviced and fragmented. This is a core focus of growth for the rent.com.au business.

The two leading property websites in Australia – realestate.com.au & Domain - are primarily focussed on the property sales market. Although both sites contain rental properties, they are represented by tabs on their websites with the primary home page focus being on the property sales market. In addition realestate.com.au (REA) only allows licensed real estate agents to list properties, excluding non-agent landlords from its site.

This situation offers one of the last true conversions of print media to on-line media similar to the carsales.com.au model when private sellers were added to the existing car dealer network.

#### **RENT Commercialisation Plan**

To date RENT has focussed on the development of:

- a robust IT technology and mobile platform;
- critical mass of national property content; and
- a range of transactional products and services required for a successful national launch.

It is now ready for the commercialisation of its products and services into growing and scaleable revenue streams.

RENT's business model and strategy focuses on deploying a national sales and marketing campaign in order to commence commercialising the platform it has developed. In the first year, the sales and marketing campaign will





focus on generating increasing levels of renter traffic to, and awareness of, the site and also on obtaining increased levels of rental property listings from property agents and non-agent landlords.

Following deployment of its marketing campaign, supported by sales efforts including the establishment of a national telemarketing centre, business development activity, sponsorship of industry trade events and alliance partnering, RENT expects to generate revenues from its four key customer groups of Renters, Non-agent Landlords, Property agents and Advertisers.

RENT will monitor the achievement of these first year objectives and, if considered appropriate, will raise additional capital to implement additional commercialisation strategies to accelerate its sales and marketing program which would include deploying field sales teams, accelerating new product development and expanding its brand awareness campaign.

#### **Additional Rent Products**

As <u>www.rent.com.au</u> offers renters a single location to search the entire rental market, catering for agents and non-agent landlord listings, it is well positioned to offer a wide range of vertical products and services associated with the rental industry.

In addition to agent and non-agent listings fees, RENT earns transaction revenue from the following products and services:



(a)

(b)

(c)

RentBond is a first to market rental bond financing product that has been developed exclusively with Certegy Ezipay, a subsidiary of Flexigroup Limited. Renters can have their bond paid upfront and then repay the bond over a period of 3 to 6 months. The application is fully online and Certegy Ezipay makes a credit decision within minutes. Renters who take up the product pay a fee for the establishment of the account. This product is exclusively offered through RENT which does not take any credit risk or have any ongoing servicing obligation on the product.

## rentconnect

RentConnect is a product that addresses the need of renters in disconnecting and re-connecting their utilities when moving home. Rather than spending hours of their own time arranging their connections and disconnections, renters can complete an online form on <a href="www.rent.com.au">www.rent.com.au</a> and have the RENT service partner contact them to discuss the various service offerings available from utilities and then arrange the relevant connections and disconnections on their behalf. This service is free to renters, with RENT earning a commission from its service partner for every completed connection. RENT does not bear any servicing obligations or connection risks in relation to this product.

## rentcheck

RentCheck is an identity verification and rental history background check product developed with Veda Advantage. This product allows the same background checks previously only available to professional property managers to be performed. Renters purchase the product to prepare for their rental property search by identifying if potential issues exist, and if so, are able to address these proactively so that they have an improved chance of securing their desired rental property. Non-agent landlords can also purchase the product to ensure that they reduce the chance of letting their property to a fraudulent or previous defaulting tenant. Rent charges a fee for this product and pays a search fee to Veda Advantage.





## rentreports

RentReports is a suburb specific rental property statistics report that can be purchased via <a href="https://www.rent.com.au">www.rent.com.au</a> which provides information on rental pricing trends, lists of recent rental transactions, suburb overview, available rentals and days on market. This product uses RENT's proprietary data and is charged to renters and non-agent landlords.

# (e) rent quotes

RentQuotes is a system that allows landlords to receive property management quotes from property agents. Landlords fill out a simple questionnaire on the RENT site that provides relevant information to property agents who have paid RENT to be included on the panel for a particular suburb. Property agents receive these direct enquiries and are able to respond to the landlords who can then short list property agents they wish to interview and/or benchmark quotes they have received from other property agents.

## (f) Other products

A number of other products and services are in the development pipeline for renters and non-agent landlords including:

- insurance products, removalist quotes and access to cleaning services for renters; and
- lease document templates, insurance products, payment systems and tradesperson quotes systems for non-agent landlords.

Additional funding may be required to fully develop these other products.

### **Other Websites and Growth Opportunities**

In addition to owning the domain name <u>www.rent.com.au</u> RENT also owns the following domain names which it will look to commercialise in due course:

- <u>www.rent.asia</u> (which it won in a tender based on its IP relevancy against other large national and international portal operators);
- www.propertymanager.com.au
- www.rentalproperty.com.au
- www.lease.com.au