



## NOTICE OF GENERAL MEETING

to be held at  
iProperty Group Limited  
Suite 11.01, Level 11  
Menara IGB, Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
on Friday, 19 December 2014  
at 11:00 am (MYT)

YOUR INDEPENDENT DIRECTORS RECOMMEND THAT SHAREHOLDERS **VOTE IN FAVOUR** OF RESOLUTION 1 TO APPROVE THE TRANSACTION.

THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE TRANSACTION IS FAIR AND REASONABLE TO SHAREHOLDERS WHOSE VOTES ARE NOT TO BE DISREGARDED (BEING REA GROUP LIMITED AND ITS ASSOCIATES).

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ THE NOTICE AND EXPLANATORY NOTES CAREFULLY. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH THIS DOCUMENT OR HOW TO VOTE, YOU ARE ADVISED TO CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

IF YOU ARE UNABLE TO ATTEND THE MEETING, PLEASE COMPLETE AND RETURN THE ENCLOSED PROXY FORM IN ACCORDANCE WITH THE SPECIFIED INSTRUCTIONS.

Registered Office:  
C/- Australian Company Secretaries Pty Ltd  
GPO Box 4231  
Level 3  
70 Pitt Street  
SYDNEY NSW 2001  
Australia

Telephone +61 2 9239 0277  
Facsimile +61 2 9233 4497

Notice is hereby given that a General Meeting ("the Meeting") of iProperty Group Limited ("the Company") will be held at Suite 11.01, Level 11, Menara IGB, Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur, Malaysia, on Friday, 19 December 2014 at 11:00 am (MYT)

**ORDINARY BUSINESS****Resolution 1: Approval of the Transaction**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.1 and all other purposes, the shareholders approve the Company:

- (a) entering into; and
- (b) performing its obligations under,

the business sale and purchase agreement between the Company, Square Foot Limited and REA Group Limited and such other agreements as may be required by that agreement as described in the explanatory notes."

**BY ORDER OF THE BOARD**

N J V Geddes  
Company Secretary

## VOTING EXCLUSION

In accordance with the Australian Securities Exchange Listing Rules, the Company makes the following statement:

The Company will disregard any votes cast on Resolution 1 by:

- REA Group Limited; and
- any of its associates,

unless the vote is cast in the following circumstances:

- as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## EXPLANATORY NOTES

These explanatory notes have been prepared for the shareholders of iProperty Group Limited to provide information about the item of business to be considered at the General Meeting of shareholders to be held on Friday, 19 December 2014.

The resolution to be voted on is an ordinary resolution. An ordinary resolution requires a simple majority of votes cast by shareholders entitled to vote on the resolution in order for it to be carried.

If appropriate and if time permits, the Chairman will discuss significant issues raised by shareholders prior to the Meeting and will invite questions and comments from shareholders on these key issues and any other appropriate and relevant matters that shareholders would like to raise at the Meeting.

If you have a general issue or question that you would like discussed at the Meeting, please write to the Company Secretary, Nick Geddes [ngeddes@austcosec.com.au](mailto:ngeddes@austcosec.com.au) before 17 December 2014.

### How will the Chairman vote as proxy if the Shareholder has not directed the Chairman to vote?

The Chairman intends to vote in favour of Resolution 1. If a shareholder appoints the Chairman of the Meeting as proxy and does not direct the Chairman how to vote on Resolution 1 then, if that shareholder is entitled to vote on Resolution 1, the Chairman will vote in favour of Resolution 1.

## 1. Introduction

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The Company's shareholders are being asked to vote to approve the Company's acquisition of the squarefoot.com.hk business and its associated assets from Square Foot Limited (**Square Foot**) through implementing the business sale and purchase agreement entered into between the Company, Square Foot Limited and REA Group Limited (**REA**) on 14 October 2014 (collectively the **Transaction**). The resolution relating to this approval is set out under Resolution 1.

These explanatory notes have been prepared to assist shareholders to understand the Transaction and should be read together with the notice of meeting. It outlines the key reasons why the directors unanimously recommend that shareholders vote in favour of Resolution 1.

An independent expert's report prepared by DMR Corporate Pty Ltd opines on whether the Transaction is both fair and reasonable to the non-associated shareholders of the Company. A complete copy of the independent expert's report is provided at section 4 of these explanatory notes and is also available on the

Company's website at: <http://www.iproperty-group.com/squarefoot>. Shareholders may request a hard copy of the independent expert's report from the Company at no cost by contacting the Company.

This document is important and requires your attention. If you are in doubt as to how to deal with this document or how to vote in relation to Resolution 1, you should consult your financial or other professional adviser.

## 2. Overview of Transaction

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### 2.1 What is the Transaction?

The Transaction will involve the Company acquiring the squarefoot.com.hk business and its associated assets from Square Foot (subject to this approval), as well as the Company and REA entering into the strategic relationship described at section 2.3b below (**Strategic Relationship**). As consideration for this acquisition, the Company will issue to REA 5,000,000 fully paid ordinary shares at an issue price of \$3 per share.

Square Foot is a wholly owned subsidiary of REA. Its business involves the publishing of property classifieds for the Hong Kong market both online and in print.

Under the Transaction, the Company and REA will enter into the Strategic Relationship for the provision of services to the Company after completion of the Transaction.

REA currently owns approximately 17.70% of the Company's ordinary share capital. Its ownership will increase to approximately 19.90% as a result of the share issue under the Transaction.

### 2.2 Is the Transaction conditional?

Completion of the Transaction is dependent upon approval of Resolution 1 by shareholders of the Company at the Meeting.

Resolution 1 must be approved by shareholders present at the meeting (either in person or by proxy) who hold more than 50% of the shares being voted.

If Resolution 1 is not passed, the Transaction will not proceed.

The Transaction is also conditional on:

- a) the continued solvency of the Company;
- b) trading in the shares of the Company on the ASX not being suspended at the time of completion or previously suspended for a period of more than three days prior to completion;
- c) the Company remaining on the Official List of the ASX and its shares not being delisted or suspended from Official Quotation (as those terms are defined in the ASX Listing Rules);
- d) the Company not altering or agreeing to alter its capital structure without the prior consent of REA other than:
  - 1) by issuing securities required as a consequence of the exercise of options currently on issue and disclosed to ASX or pursuant to a non-underwritten dividend or distribution plan or employee incentive scheme (as those terms are defined in the ASX Listing Rules) or as a result of the conversion or exercise of any securities issued pursuant to such a plan or scheme; or
  - 2) by issuing ordinary shares to any person which in aggregate (together with any other ordinary shares issued or agreed to be issued by the Company to any person other than REA, but excluding any shares issued under paragraph (d)(1) above) do not exceed 3% of the Company's issued ordinary share capital calculated on the assumption that the shares to which REA is entitled under the Transaction have been issued;
- e) the Company or any of its directors not engaging, or having not engaged since the date of entering into the business sale and purchase agreement, in any fraudulent conduct or activity; or
- f) the Company not otherwise breaching the business sale and purchase agreement entered into between the Company, REA and Square Foot.

## **2.3 Other key terms of the Transaction**

### **a) Share issue**

The Transaction will involve the issue of shares to REA representing approximately 2.68% of the post-issue share capital of the Company. The shares will be issued to REA as consideration for REA procuring the sale to the Company of the squarefoot.com.hk business and its associated assets as well as for REA providing ongoing support and transitional assistance in relation to these.

### **b) Strategic Relationship**

REA and the Company have complementary businesses, with each conducting online property advertising operations in Hong Kong.

The Transaction involves the Company and REA entering into the Strategic Relationship under which for a period of 6 months from completion, REA will provide services and ongoing support to the Company in connection with the business and associated assets to be sold to the Company. This support is expected to include IT support, assistance with billing and finance systems and the transfer of certain data and records, to enable the Company to successfully operate, develop and promote that business.

Additionally, the Company and REA will collaborate to implement arrangements under which the Company will be given access to certain website data in respect of other REA operated websites.

The Company and REA have also agreed to develop arrangements under which they will:

- (a) hold regular meetings to discuss cross-border property sales activity;
- (b) actively investigate opportunities for further co-operation for the development of each other's businesses;
- (c) liaise regarding the sharing and licensing of technology and intellectual property rights in relation to the online property advertising market;
- (d) co-operate regarding the development of new intellectual property rights in relation to the online property advertising market;
- (e) work to integrate and enhance the Hong Kong business owned or to be owned by the Company; and
- (f) provide reasonable access to each other's employees and, where appropriate, undertake staff exchanges to further develop the relationship between them.

### **c) Top Up Right**

On completion of the Transaction, the Company will grant to REA the right (but not the obligation) to maintain its percentage shareholding in the Company by participating in any future issue of equity securities (as defined in the ASX Listing Rules) by the Company until the date that is 6 months after completion (unless the right terminates earlier) (**Top Up Right**).

The Top Up Right will enable REA to participate in all future issues of equity securities by the Company to a level that would enable REA to maintain its then-current interest in the Company, provided the Top Up Right has not expired or terminated.

Equity securities offered to REA under the Top Up Right will be offered on the same terms to the terms offered or to be offered to third parties, or the implied price of the equity securities to be issued in the relevant circumstances, as the context requires.

The Top Up Right will automatically cease and terminate on the earliest of:

- (a) the date on which REA and its related bodies corporate cease to hold in aggregate at least 15% of the fully paid ordinary shares in the Company (other than as a result of an issue of equity securities to which the Top Up Right applies and in respect of which REA is entitled to exercise, or has exercised, the Top Up Right);
- (b) the date on which REA's relevant interest in the Company reaches or exceeds 19.99%;
- (c) the Strategic Relationship lapses or changes in such a way that it effectively ceases; or

- (d) the date that is 6 months after completion and the issue of the 5,000,000 fully paid ordinary shares in the Company.

The ASX granted a waiver to the Company in relation to Listing Rule 6.18 on 28 October 2014, enabling the Company to grant the Top Up Right to REA, conditional on completion of the Transaction.

**d) REA representative on board**

As part of the Transaction, the Company has invited REA to nominate one director, who, subject to the requirements of the Company's constitution, will be appointed to the board of the Company as soon as possible.

The invitation for REA to nominate a director is not conditional on completion of the Transaction. However, as at the date of these explanatory notes a REA nominated director is yet to be appointed.

While this appointment will be made by the board of the Company as soon as possible, shareholders will be asked to re-elect REA's nominee as a director at the Company's next annual general meeting in accordance with the ASX Listing Rules.

**e) REA will not compete with the Company in Hong Kong**

REA will agree not to compete in the Hong Kong market with the business being transferred to the Company for a period of up to 2 years.

## **2.4 What is the effect of the Transaction for the Company?**

Following the Transaction, the Company will become owner of the squarefoot.com.hk property classifieds business and will become REA's strategic partner in Hong Kong. REA will increase its holding in the Company from 17.70% to approximately 19.90% through the issue of 5,000,000 ordinary shares in the Company at the price of \$3 per share.

The acquisition of squarefoot.com.hk will make the Company sole owner of the top two property classified portals in the Hong Kong and Macau region and strengthen the Company's position in this highly strategic market.

The Strategic Relationship will help to cement the Company's position as the Asian region's property portal leader and further leverage the Company to the expected growth in this region.

## **2.5 Who is REA?**

REA is a leading property classifieds site headquartered in Melbourne, Australia. It is the owner and operator of sites such as realestate.com.au and realcommercial.com.au. REA also has international operations in countries such as Italy, where it owns and operates the site casa.it.

As at the date of these explanatory notes, REA holds approximately 17.70% of the Company's shares.

## **2.6 Effect of the Transaction on control of the Company**

The Transaction will not give rise to any change in the control of the Company.

## **2.7 Requirement for approval under Listing Rule 10.1**

ASX Listing Rule 10.1 requires that any acquisition of a substantial asset from a substantial holder is approved by shareholders.

For the purpose of ASX Listing Rule 10.1, a 'substantial holder' in the Company is a person who alone or with associates has a relevant interest in at least 10% of the total votes attached to the voting securities in the Company. An asset is a 'substantial asset' for the purpose of the Listing Rules if its value is more than 5% of the equity interests of the Company as set out in the last Annual Report of the Company.

Square Foot, whose assets are being acquired, is a wholly owned subsidiary of REA. As REA holds more than 10% of all shares on issue in the Company, it is a 'substantial holder' for the purposes of ASX Listing Rule 10.1.

The value of the business to be acquired is greater than 5% of the equity interests of the Company as set out in its last Annual Report, meaning that the acquisition is of a 'substantial asset'.

Accordingly, Resolution 1 seeks the approval of shareholders (other than REA and its associates) for the entry into and performance of the Transaction as required under ASX Listing Rule 10.1.

## **2.8 What happens if Resolution 1 is not passed?**

If Resolution 1 is not passed, the Transaction will not proceed. The Company will not acquire the Square Foot business and will not enter the Strategic Relationship.

As noted in section 2.3(d), REA would still be entitled to nominate a director who will be appointed to the board of the Company.

## **3 Rationale for the Transaction and Directors' Recommendation**

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### **3.1 Independent Expert's Opinion**

The non-executive directors commissioned the independent expert, DMR Corporate Pty Ltd, to prepare a report on the Transaction to ascertain whether it is fair and reasonable to shareholders other than REA and its associates.

**The independent expert has concluded that the Transaction is *fair and reasonable* to shareholders other than REA and its associates.**

These explanatory notes contain a complete copy of the independent expert's report. Shareholders are urged to read the independent expert's report in full.

### **3.2 Directors' Recommendation**

The non-executive directors have considered the potential advantages and disadvantages of the Transaction and the independent expert's conclusions.

**The non-executive directors unanimously recommend that the Company's shareholders vote in favour of Resolution 1 to approve the Transaction.**

Each of the Company's non-executive directors intends to vote in favour of Resolution 1. The chair of the meeting also intends to vote undirected proxies in favour of Resolution 1.

### **3.3 Why is the Company proposing the Transaction?**

The Company remains focused on growing in the Asian region and expects that the Transaction should further accelerate that growth.

The Company already owns Hong Kong's leading property portal – Gohome.com.hk – and following the acquisition of squarefoot.com.hk will own both the number one and two property portals in the Hong Kong and Macau markets, which should further expand the Company's reach and profitability in the fast growing market.

Combined with the new Strategic Relationship, the Company will be able to further strengthen its market position and increase its audience in the Asian region more broadly.

### **3.4 What are the key advantages?**

#### **a) Increased revenues**

The addition of Square Foot's business will provide an additional revenue source to the Company.

**b) Synergy benefits**

The Company expects to derive synergy benefits from the Transaction. Although all Square Foot employees will remain employed after the Transaction, it is expected that other costs – such as those related to IT services – will decrease in the short to medium term as functions are merged.

**c) Increased market power in the Hong Kong and Macau region**

The Transaction will make the Company owner of the top two property classified businesses in the Hong Kong and Macau region. As such, it will have greater reach and significantly more market power in the rapidly growing Hong Kong and Macau market. This is expected to improve the profitability and cash flow of the Company's business in this market in the medium to longer term.

**d) Increased power in Asia generally**

The Company already has a strong regional presence through its preeminent position in the Malaysian and Indonesian markets. Pre-eminence in the Hong Kong and Macau region increases its presence across Asia. Likewise, the Strategic Relationship with REA, which is the leading online property classified business in Australia, will also provide added benefits. This will enable the Company to leverage off REA's proprietary technology and expertise as the Company cements its presence in Asia.

**b) Strengthening the Company's balance sheet**

The acquisition of additional assets for scrip will strengthen the Company's balance sheet, providing additional assets without requiring the issuance of any debt.

### **3.5 What are the key disadvantages and risks?**

**a) Dilution to existing shareholders**

Existing shareholders will be diluted by the issue of new shares to REA, which is proposed under the Transaction. The issue to REA will represent approximately 2.68% of the post-issue share capital of the Company.

**b) More REA influence in the affairs of the Company**

The Transaction will increase REA's voting power in the Company from 17.70% to 19.90%. This will give REA a greater influence over the affairs of the company than smaller shareholders. However, the Transaction will not give REA control of the Company.

**c) REA will temporarily have Top Up Rights**

It is a term of the Transaction that for 6 months, unless the right terminates earlier, REA will have the right to maintain its percentage shareholding in the Company by participating in any future issue of equity securities. It should be noted that any offer of equity securities to REA under this Top Up Right must be on the same terms as the terms offered to other parties.

**d) Greater exposure to foreign exchange risks**

The addition of the Square Foot business will increase the Company's exposure to foreign exchange risks. However, this increased risk must be assessed in the context of the Company's operations. The majority of the Company's revenue is derived in currencies other than Australian Dollars.

## **4. Independent Expert's Report**

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The report from the Independent Expert, DMR Corporate Pty Ltd, appears on the following pages.

## NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on the member's behalf. If the member is entitled to cast two or more votes at the Meeting, the member may appoint not more than two proxies to attend and vote on the member's behalf.
2. If a member appoints two proxies, each proxy should be appointed to represent a specified proportion or number of the member's votes. In the absence of such a specification, each proxy will be entitled to exercise half the votes.
3. A proxy need not be a member of the Company.
4. To appoint a proxy (or two proxies), a proxy form must be signed by the member or the member's attorney duly authorised in writing. If the member is a corporation, the proxy form must be signed either under the corporation's common seal (if any) or under the hand of its attorney or officer duly authorised.
5. To be effective, a proxy form (and, if it is signed by an attorney, the authority under which it is signed or a certified copy of the authority) must be received by the Company not later than 48 hours prior to the Meeting. Proxy forms and authorities may be sent to the Company by post, personal delivery or fax:

**Hand deliveries:** Boardroom Limited  
Level 7  
207 Kent Street  
Sydney NSW 2000

**Postal address:** Boardroom Limited  
GPO Box 3993  
Sydney NSW 2001

**Fax number:** +61 2 9290 9655

provided that members who forward their proxy forms by fax are required to make available the original executed form of the proxy for production, if called upon at the meeting to do so.

6. A corporate shareholder entitled to attend and vote at the Meeting may appoint a body corporate representative to attend and vote for the shareholder. Also, as noted previously, a body corporate may be appointed as a proxy.

iProperty Group Limited will accept the original appointment, a certified copy of the appointment or a certificate from the company giving notice of the appointment as satisfactory evidence of the appointment.

You can lodge your body corporate representative appointment document before the Meeting or present the document at the registration desk at the Meeting.

7. For the purposes of the Meeting, persons on the register of members as at 7.00 pm AEDT on Wednesday, 17 December 2014 will be treated as members. This means that if you are not the registered holder of a relevant share at that time, you will not be entitled to vote in respect of that share.

7 November 2014

The Directors  
iProperty Group Limited  
c/o Australian Company Secretaries Pty Ltd  
Level 3, 70 Pitt Street  
Sydney, NSW 2000

Dear Sirs,

**Re: Independent Expert's Report**

**1. Introduction**

- 1.1 iProperty Group Limited ("iProperty" or the "Company") is a public company whose shares are listed on the ASX.

iProperty develops and operates Internet-based real estate property portals under the iProperty.com brand. The Company owns and operates online property portals for consumer and business needs in the markets of Malaysia, Indonesia, Hong Kong, Macau and Singapore. The Company is also engaged in a regional property exhibition business and a monthly property magazine business in Malaysia. iProperty was founded in 2003 and is headquartered in Kuala Lumpur, Malaysia.

- 1.2 On 28 July 2014 REA Group Limited ("REA") announced that it had acquired a 17.22% interest in iProperty. On 15 October 2014 REA acquired a further 870,800 shares, increasing its shareholding to 17.70%. REA provides real estate online advertising and related services. It offers online advertising services for residential and commercial properties for sale, rent, and lease; online display advertising space for advertisers in various industries; property market related information to customers and consumers; and other services. REA provides online advertising services to real estate agents, property developers and display advertisers through its websites, mobile websites, applications for iPhone, android, and iPad; and print publications. REA has operations in Australia, Italy, Luxembourg, France, Hong Kong, and China.
- 1.3 REA's wholly owned subsidiary, Square Foot Limited ("SFL"), operates a Hong Kong based real estate Internet portal and the 'squarefoot' property magazine. The portal is a direct competitor of a similar but larger business conducted in Hong Kong by iProperty.
- 1.4 On 14 October 2014 iProperty announced that it had entered into an agreement with REA and SFL to acquire SFL's Hong Kong based real estate Internet portal and associates business assets and employees ("REA HK"). The consideration for the acquisition of REA HK is to be satisfied by the issue of 5 million new iProperty shares ("**the Proposed**

**Transaction**”). The issue of 5 million shares to REA will increase its interest in iProperty from 17.70% to 19.90%.

- 1.5 The agreement between iProperty and REA includes the following important provisions, which together form part of the Proposed Transaction:
- the 5 million shares to be issued to REA will be subject to a 12 months voluntary escrow;
  - for a period of six months after the acquisition of REA HK, REA will be entitled to participate in any share issues by iProperty so that REA maintains its 19.90% interest in iProperty; and
  - a break fee of \$250,000 is payable by either party should it fail to complete the Proposed Transaction for reasons other than if the iProperty shareholders do not approve the Proposed Transaction.
- 1.6 REA, as a result of its 17.70% interest in iProperty, is a substantial shareholder of iProperty. The Proposed Transaction is permitted by Rule 10.1 of the Listing Rules (“Listing Rule 10.1”) of the Australian Securities Exchange (“ASX”), provided that iProperty obtains prior approval of the transaction from its Non-Associated shareholders (all shareholders excluding REA and its associates).
- 1.7 The iProperty independent directors have requested DMR Corporate Pty Ltd (“DMR Corporate”) to prepare an independent expert’s report to independently assess whether the Proposed Transaction is fair and reasonable to the Non-Associated shareholders.
- 1.8 The independent expert’s report is to be prepared in accordance with the Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 111 – Content of expert reports – issued on 30 March 2011.

## **2. Summary Opinion**

In our opinion, the Proposed Transaction set out in Section 1 above is **fair and reasonable to the Non-Associated shareholders**.

### **Fairness**

Our principal reasons for reaching the above opinion are:

- In Section 8.7 we assessed the value of REA HK to lie in the range of \$10.7 million to \$16.0 million.
- In Section 6.8 we valued the iProperty shares in a range of \$2.60 to \$2.80 per share. As iProperty has agreed to issue 5 million shares as consideration for the acquisition of REA HK, we have valued the consideration in a range of \$13.0 million (5,000,000 x \$2.60) and \$14.0 million (5,000,000 x \$2.80).
- As the value of the consideration being offered (\$13.0 million to \$14.0 million) is within the range of our assessment of the value of REA HK that is being acquired (\$10.7 million to \$16.0 million), **we consider that the Proposed Transaction is fair.**

**Reasonableness**

We have also reviewed the other significant considerations referred to in Section 10 of this report and we consider that **the Proposed Transaction is reasonable.**

**3. Structure of this Report**

This report is divided into the following Sections:

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8 Assessment of the Value of REA HK	17
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**4. Purpose of the Report**

This report has been prepared to meet the following regulatory requirements:

- **ASX - Listing Rules 10.1 and 10.2**

Listing Rules 10.1 and 10.2 require a company obtain shareholder approval at a general meeting when the sale or acquisition of an asset, which has a value in excess of 5% of the shareholders funds as set out in the latest financial statements given to the ASX under the listing rules, is to be made to or from:

- (i) a related party;
- (ii) a subsidiary;
- (iii) a substantial shareholder who is entitled to at least 10% of the voting securities, or a person who was a substantial shareholder entitled to at least 10% of the voting securities at any time in the 6 months before the transaction;
- (iv) an associate of a person referred to in paragraphs (i), (ii) or (iii) above; or
- (v) a person whose relationship to the entity or a person referred to above is such that, in the ASX's opinion, the transaction should be approved by security holders.

As

- REA is a substantial shareholder of iProperty; and
- the acquisition cost of REA HK exceeds 5% of the shareholders' funds of iProperty as set out in the 30 June 2014 financial statements given to the ASX (5% of \$20,591,228 = \$1,029,561),

Listing Rule 10.1 will apply to the Proposed Transaction.

- **General**

The terms “fair” and “reasonable” are not defined in the Corporations Act 2001 (“the Act”), however guidance as to the meaning of these terms is provided by ASIC in Regulatory Guide 111. For the purpose of this report, we have defined them as follows:

Fairness - the Proposed Transaction is “fair” if the value of REA HK is equal to or greater than the value of the 5,000,000 iProperty shares offered as the acquisition consideration.

Reasonableness - the Proposed Transaction is “reasonable” if it is fair. It may also be “reasonable” if, despite not being “fair” but after considering other significant factors, we consider that the advantages of proceeding with the Proposed Transaction outweigh the disadvantages of proceeding.

In determining whether the Proposed Transaction is fair, we have:

- valued REA HK.
- assessed the value of a parcel of 5,000,000 iProperty shares to be issued to REA; and
- compared the value of REA HK with the value of the shares being issued.

In determining whether the Proposed Transaction is reasonable we have analysed other significant factors, which shareholders should consider prior to accepting or rejecting the Proposed Transaction.

## **5. iProperty - Key Information**

### **5.1 Business Background**

iProperty is a public company that listed on the ASX on 11 September 2007. The Company’s head office is in Kuala Lumpur, Malaysia.

iProperty is focused on developing and operating leading real estate Internet portals with other complementary offerings in Asian markets. It currently operates online property portals for consumer and business needs in the markets of Malaysia, Hong Kong, Macau, Indonesia and Singapore, and has investments in India and Philippines. Most of its sites are ranked first in their respective markets.

#### **Malaysia**

iProperty.com is the leading property advertising web site in Malaysia with the largest and most current database of commercial and residential properties for sale and rent.

As well as providing online advertising solutions for real estate agents and property developers, iProperty.com Malaysia also provides print and exhibition solutions to help brand its advertisers.

#### **Indonesia**

iProperty’s Indonesian web site is rumah123.com. The web site reached market leadership during 2012 based on most consumer metrics and most revenue generated by a property

portal in Indonesia. It's product offering is similar to Malaysia.

#### **Hong Kong**

iProperty's Hong Kong web site is GoHome.com.hk. This is Hong Kong's No. 1 online property platform, with a market-leading presence among HK property buyers and real estate professionals. Established in Hong Kong in 1999, GoHome.com.hk focuses on providing value-added property searches and related information and services. It has built a strong and sustainable business. The website outperforms other local real estate portals with the highest traffic, user and listing figures, making it the most popular property portal for home buyers in Hong Kong and the most effective online advertising platform for real estate and related businesses.

#### **Singapore**

iProperty.com.sg is the Singapore web site. Singapore is a relatively small market with a population of just over 5 million people. The web site is not a market leader in this market.

### **5.2 iProperty's Directors**

The table below details iProperty's Board of Directors.

<b>Directors</b>	<b>Position</b>
Mr Patrick Grove	Chairman
Mr Georg Chmiel	Managing Director
Mr Lucas Elliott	Non Executive Director
Mr Nick Geddes	Non Executive Director
Mr John Armstrong	Non Executive Director

### **5.3 Share Capital**

As at the date of this report iProperty had on issue 181,703,204 fully paid ordinary shares.

The 10 largest shareholders of iProperty's ordinary shares as at 3 November 2014 were as follows:

<b>Shareholder</b>	<b>Number of Shares</b>	<b>% of Voting Power</b>
REA Austin Pty Ltd	32,153,940	17.70%
Citicorp Nominees Pty Ltd	29,077,960	16.00%
J P Morgan Nominees Australia Limited	14,497,119	7.98%
HSBC Custody Nominees (Australia) Limited	10,906,604	6.00%
National Nominees Limited	9,156,156	5.04%
Catcha Group Pte Ltd <b>(Note 1)</b>	8,324,845	4.58%
Australian Foundation Investment Company Limited	4,993,486	2.75%
Holdex Nominees Pty Ltd <No 392 A/C>	2,500,000	1.38%
BNP Paribas Nominees (NZ) Ltd <DRP>	2,346,276	1.29%
Mirabooka Investments Limited	2,000,000	1.10%
	<b>115,956,386</b>	<b>63.82%</b>

Source: iProperty top 20 report as at 3 November 2014

**Note 1** Catcha Group Pte Ltd filed a substantial shareholder notice on 21 October 2014 in which it disclosed an interest in 17.24% of iProperty's voting power

#### 5.4 Financial Position

iProperty's audited statements of financial position as at 31 December 2012 and 2013 and the reviewed statement of financial position as at 30 June 2014 were as follows:

	31 December 2012 Audited \$000's	31 December 2013 Audited \$000's	30 June 2014 Reviewed \$000's
<b>Current Assets</b>			
Cash and cash equivalents	11,224	14,518	13,614
Trade and other receivables	2,270	2,572	2,930
Other assets	642	1,051	1,446
<b>Total Current Assets</b>	<b>14,136</b>	<b>18,141</b>	<b>17,990</b>
<b>Non-Current Assets</b>			
Available for sale investments	2,000	-	-
Property, plant and equipment	610	583	300
Intangibles	2,155	2,242	1,055
Goodwill	14,544	18,866	9,652
<b>Total Non-Current Assets</b>	<b>19,309</b>	<b>21,691</b>	<b>11,007</b>
<b>Total Assets</b>	<b>33,445</b>	<b>39,832</b>	<b>28,997</b>
<b>Current Liabilities</b>			
Trade and other payables	2,130	3,275	3,334
Billing in advance	2,258	3,747	4,200
Provisions	807	1,039	790
Current tax liabilities	31	84	81
<b>Total Current Liabilities</b>	<b>5,226</b>	<b>8,145</b>	<b>8,405</b>
<b>Non-Current Liabilities</b>			
Other payables	-	562	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>562</b>	<b>-</b>
<b>Total Liabilities</b>	<b>5,226</b>	<b>8,707</b>	<b>8,405</b>
<b>NET ASSETS</b>	<b>28,219</b>	<b>31,125</b>	<b>20,592</b>
<b>Equity</b>			
Issued capital	38,744	38,966	39,217
Reserves	(439)	539	(1,273)
Accumulated losses	(10,086)	(8,380)	(17,352)
<b>TOTAL EQUITY</b>	<b>28,219</b>	<b>31,125</b>	<b>20,592</b>

Source: iProperty's 2013 Annual Report and 30 June 2014 Half-year Report

## 5.5 Financial Performance

iProperty's audited statements of comprehensive income for the financial years ended 31 December 2012 and 2013 and the reviewed statement of comprehensive income for the six month period ended 30 June 2014 were as follows:

	<b>Financial Year Ended</b>		<b>6 Months</b>
	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>Ended</b>
	<b>Audited</b>	<b>Audited</b>	<b>30/06/2014</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>Reviewed</b>
			<b>\$000's</b>
<b>Continuing operations</b>			
Revenue from services	15,460	19,045	11,005
Realised gain on sale of AFS investments	-	4,958	-
Other income - gain on sale of business	2,181	-	-
<b>Total continuing operations</b>	<b>17,641</b>	<b>24,003</b>	<b>11,005</b>
<b>Expenses</b>			
Administration expenses	(948)	(912)	(532)
Advertising and marketing expenses	(2,974)	(3,569)	(1,518)
Employment expenses	(11,629)	(13,029)	(6,720)
Premises and infrastructure expenses	(1,312)	(1,509)	(661)
Offline production costs	(2,866)	(2,743)	(1,394)
Terminated acquisition expenses	(736)	-	-
Other expenses	(67)	(227)	(150)
<b>Total expenses</b>	<b>(20,532)</b>	<b>(21,989)</b>	<b>(10,975)</b>
<b>Profit/(loss) before interest, tax, depreciation and amortisation</b>	<b>(2,891)</b>	<b>2,014</b>	<b>30</b>
Impairment of goodwill, intangibles, property, plant and equipment	-	-	(8,806)
Depreciation and amortisation	(298)	(429)	(317)
<b>Profit/(loss) before interest and tax</b>	<b>(3,189)</b>	<b>1,585</b>	<b>(9,093)</b>
Interest income	395	282	193
<b>Profit/(loss) before tax</b>	<b>(2,794)</b>	<b>1,867</b>	<b>(8,900)</b>
Income tax expense	(144)	(161)	(72)
<b>Profit/(loss) attributable to owners of the company</b>	<b>(2,938)</b>	<b>1,706</b>	<b>(8,972)</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations	89	1,010	(1,823)
<b>Total other comprehensive income</b>	<b>89</b>	<b>1,010</b>	<b>(1,823)</b>
<b>Total comprehensive profit/(loss) attributable to owners of the company</b>	<b>(2,849)</b>	<b>2,716</b>	<b>(10,795)</b>

Source: iProperty's 2013 Annual Report and 30 June 2014 Half-year Report

## 5.6 Cash Flows

iProperty's audited statements of cash flows for the financial years ended 31 December 2012 and 2013 and the reviewed statement of cash flows for the six-month period ended 30 June 2014 were as follows:

	<b>Financial Year Ended</b>		<b>6 Months</b>
	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>Ended</b>
	<b>Audited</b>	<b>Audited</b>	<b>30/06/2014</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>Reviewed</b>
			<b>\$000's</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	15,162	20,316	11,279
Payments to suppliers	(8,891)	(9,385)	(4,951)
Payments to employees	(10,808)	(12,179)	(6,672)
Interest received	411	271	234
Income tax paid	(103)	(108)	(40)
<b>Net cash used in operating activities</b>	<b>(4,229)</b>	<b>(1,085)</b>	<b>(150)</b>
<b>Cash flows from investing activities</b>			
Payments for business acquisitions	(310)	(1,808)	(551)
Proceeds from sale of available for sale investments	-	6,958	-
Proceeds from sale of intangible assets	1,000	-	-
Purchases of property, plant and equipment	(423)	(386)	(74)
Payments for intangible assets	(553)	(381)	(157)
Receipt of government grants	-	-	28
<b>Net cash provided by investing activities</b>	<b>(286)</b>	<b>4,383</b>	<b>(754)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	10,000	-	-
Payment for share issue costs	(341)	(3)	-
<b>Net cash provided by financing activities</b>	<b>9,659</b>	<b>(3)</b>	<b>-</b>
<b>Net increase in cash held</b>	<b>5,144</b>	<b>3,295</b>	<b>(904)</b>
Cash at beginning of financial period	6,080	11,224	14,519
<b>Cash at end of financial period</b>	<b>11,224</b>	<b>14,519</b>	<b>13,615</b>

Source: iProperty's 2013 Annual Report and 30 June 2014 Half-year Report

## 6. Assessment of the Value of the iProperty Shares

### 6.1 Value Definition

DMR Corporate's valuation of iProperty has been made on the basis of fair market value, defined as the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm's length.

## 6.2 Valuation Methodologies

In selecting appropriate valuation methodologies, we considered the applicability of a range of generally accepted valuation methodologies. These included:

- share price history;
- asset based methods;
- capitalisation of future maintainable earnings;
- net present value of future cash flows; and
- comparable market transactions.

## 6.3 Share Price History

The share price history valuation methodology values a company based on the past trading in its shares. We normally analyse the share prices up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any price speculation or price escalations that may have occurred subsequent to the announcement of the proposed transaction.

iProperty announced the Proposed Transaction after the close of trading on 14 October 2014. As such we have examined the share price history of iProperty for the period 1 November 2013 to 14 October 2014.

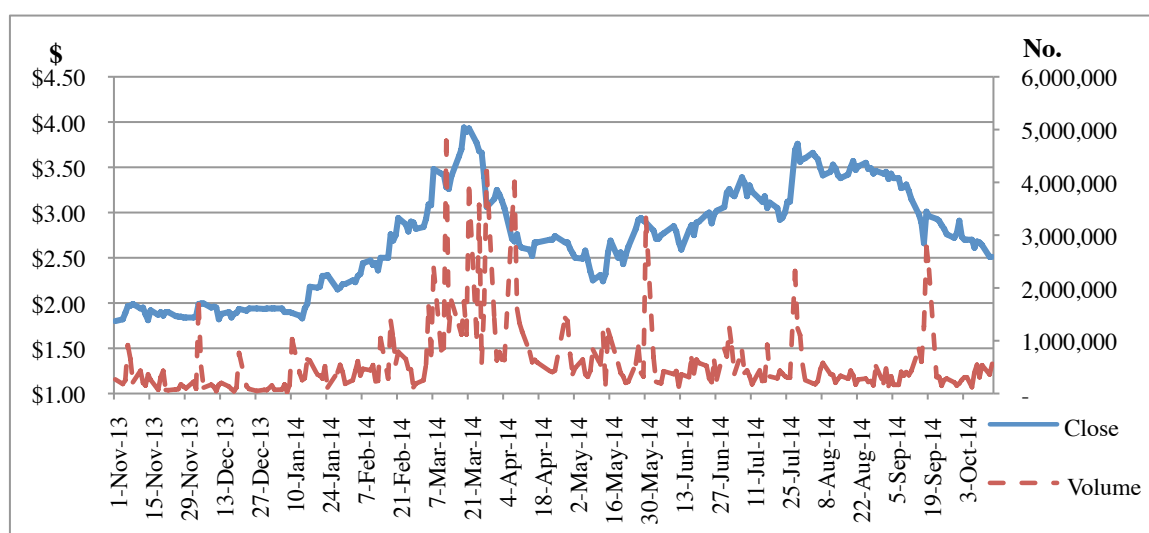
Price sensitive announcements released by iProperty to the ASX in the period from 1 November 2013 to 14 October 2014 include:

18/12/2013	CEO of LJ Hooker to become CEO of iProperty Group
17/01/2014	Response to ASX Price Query
24/01/2014	Appendix 4C - quarterly
18/02/2014	Appendix 4E and Financial Statements
28/04/2014	Appendix 4C - quarterly
17/07/2014	Appendix 4C - quarterly
28/07/2014	REA: REA Group acquires 17.22% shareholding in iProperty
7/08/2014	Appendix 4D and Half-Year Financial Report

A table of the volume and value of the iProperty shares traded in the period from 1 November 2013 to 14 October 2014 is as follows:

Month	Share Price			Volume	Value
	High \$	Low \$	Average \$		
2013					
November	2.02	1.77	1.91	5,411,701	10,309,886
December	2.00	1.82	1.95	4,886,917	9,512,164
2014					
January	2.37	1.82	2.07	7,046,541	14,590,590
February	3.00	2.18	2.62	10,557,755	27,615,075
March	4.04	2.82	3.46	36,681,441	126,971,968
April	3.32	2.40	2.73	21,501,035	58,769,651
May	3.05	2.14	2.62	14,760,094	38,685,129
June	3.23	2.54	2.87	8,363,151	23,973,109
July	3.78	2.86	3.35	14,739,127	49,330,765
August	3.67	3.32	3.49	6,338,604	22,127,104
September	3.46	2.62	3.02	12,923,731	39,006,345
October 1-14	2.93	2.43	2.64	3,907,603	10,334,224
				147,117,700	431,226,011

Graphically the daily closing prices and volumes of the iProperty shares traded in the period from 1 November 2013 to 14 October 2014 are as follows:



Source: DMR Corporate

Over the period from 1 November 2013 to 14 October 2014 there have been 147,117,700 shares traded and this represents approximately 80% of the Company's current issued capital. On this basis we consider that the trading in iProperty shares is liquid. The average price of the shares traded over the approximate 12-month period was \$2.93 per share.

Over the approximate 12-month period the shares traded from a low of \$1.77 in November 2013 to a high of \$4.04 in March 2014.

Set out in the table below is an analysis of the recent trading in iProperty shares:

Period	Shares Traded		VWAP	Share Price	
	Number	Value		Low	High
		\$		\$	\$
90 days to 14/10/2014	32,135,792	102,031,351	3.18	2.43	3.78
60 days to 14/10/2014	20,073,500	60,623,181	3.02	2.43	3.58
30 days to 14/10/2014	13,431,624	38,045,286	2.83	2.43	3.14
7 days to 14/10/2014	2,314,797	6,021,883	2.60	2.43	2.74

As can be seen from the graph, there was a spike in the share price on 28 July 2014. This corresponds with the announcement that REA acquired a 17.22% interest in iProperty. The closing share price on that date was \$3.69 compared to the previous day's closing price of \$3.11. Since that announcement the share price has been on a declining trend and the closing price on 14 October 2014 of \$2.51 is the lowest closing price since 21 May 2014.

#### 6.3.1 Conclusion – Share Price Valuation

In our opinion there is a liquid market in iProperty shares. Based on the above analysis we consider that the iProperty shares are valued in a range of \$2.60 to \$2.80 per share, on a minority basis (i.e. excluding a premium for control).

#### 6.4 Asset Based Methods

6.4.1 Asset based methodologies determine the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:

##### (a) Net Assets

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses. The net assets on a going concern basis methodology does not take account of realisation costs.

##### (b) Orderly Realisation of Assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs

##### (c) Liquidation of Assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

#### 6.4.2 Net Assets

The total net assets of iProperty as at 30 June 2014, per the reviewed financial statements, were \$20,592,000 or \$0.11 per share.

These values have been determined for financial reporting purposes using the Australian Accounting Standards, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Act.

iProperty has developed its property portals internally and the market value of these internally developed intangible assets is not reflected in its financial statements. We therefore do not believe that this valuation methodology is an appropriate methodology to use to assess the value of iProperty and its shares.

#### **6.4.3 Orderly Realisation of Net Assets**

In an orderly realisation shareholders would be left with cash and a listed corporate shell, which could be used to acquire a new business. In our experience listed shells in the current market have a value between \$300,000 to \$400,000 and we have added this value to the net asset values above.

iProperty reported an immaterial negative operating cash flow for the six months to 30 June 2014, its revenues are increasing and it has substantial cash reserves. As such we do not consider that this methodology is applicable to a valuation of iProperty and its shares.

#### **6.5 Capitalization of Future Maintainable Earnings**

This methodology involves capitalising the estimated future maintainable earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits.

There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax – Price Earnings or PE. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

Other variations to EBIT include ‘Earnings Before Interest, Tax, Depreciation and Amortization’ – EBITDA and ‘Earnings Before Interest, Tax, and Amortization’ – EBITA.

Whilst iProperty reported a positive EBITDA for the 2013 financial year, the positive result was due to a one-off gain on sale of investments. Excluding one-off items, iProperty’s EBITDA for the recent reporting periods would have been as follows:

	<b>Financial Year Ended</b>		<b>6 Months Ended</b>
	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>30/06/2014</b>
	<b>Audited</b>	<b>Audited</b>	<b>Reviewed</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Reported EBITDA	(2,891)	2,014	30
<b>One-off Items</b>			
Realised gain on sale of AFS investments	-	(4,958)	-
Other income - gain on sale of business	(2,181)	-	-
Terminated acquisition expenses	736	-	-
EBITDA excluding one-off items	<u>(4,336)</u>	<u>(2,944)</u>	<u>30</u>

As can be seen from the above table, iProperty effectively reached a break-even point during the six months to 30 June 2014 and we believe that iProperty's business has not yet reached sufficient maturity for this methodology to be applicable.

#### 6.6 Net Present Value of Future Cash Flows

An analysis of the net present value of the projected cash flows of a business (or discounted cash flow technique) is based on the premise that the value of the business is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure, the costs of capital and an assessment of the residual value of the business remaining at the end of the forecast period.

iProperty has not prepared long-term cash flow projections that may be relied upon for the purpose of this report. Furthermore there is considerable difficulty in predicting future cash flows for a company that is developing an Internet based brand name.

For these reasons we have not continued with this valuation methodology.

#### 6.7 Comparable Market Transactions

Theoretically this is a sound valuation methodology as it is based on tangible evidence of other similar transactions (this is the methodology generally adopted in valuing real estate). We usually utilise this methodology to identify earnings multiples at which comparable companies are trading. As iProperty has only recently reached a break-even point, we have used this methodology to identify revenue multiples at which shares in comparable companies are trading.

Our research identified a number of listed companies that may be comparable to iProperty as they gain the bulk of their revenue from advertising on their portals, either from sales of property, cars or job advertising. The results of our research are:

Trading Multiples			Market Cap	Net Debt	Enterprise Value	Revenue Last 12 Months	Revenue Multiple
Company	Country	Ticker	\$M	\$M	\$M	\$M	
Autohome	China	NYSE:ATHM	6,322	(292)	6,030	291	21.7
ZIGExN	Japan	TSE:3679	389	(20)	369	21	18.5
REA Group	Australia	ASX:REA	5,954	(254)	5,700	438	13.6
Zoopla Property Group	UK	LSE:ZPLA	1,575	(53)	1,522	132	11.9
MercadoLibre	Argentina	NasdaqGS:MELI	6,834	(140)	6,694	602	11.4
carsales.com	Aust	ASX:CRZ	2,541	149	2,690	236	10.8
Trade ME Group	New Zealand	NZSE:TME	1,378	110	1,488	160	8.6
Trulia	US	NYSE:TRLA	1,979	21	2,000	268	7.4
Jobindex	Denmark	CPSE:JOBNDX	76	(9)	67	26	2.9
Onthefhouse	Australia	ASX:OTH	48	(2)	46	26	1.8
			<b>Average</b>				10.9
Source: Capital IQ			<b>Median</b>				11.1

The above table shows a significant range in the revenue multiples. We believe that the wide range is due to a number of factors, in particular the stage of development of the business, the size of the market in which it operates and the relative position of the company in that market. As such we believe that limited weight should be placed on the revenue multiple. By way of example REA Group and Ontheshouse are direct competitors in the Australian property advertising market. Whereas REA Group is the clear market leader, we understand that Ontheshouse is ranked number four in this market, REA Group trades on a revenue multiple of 13.6 whereas Ontheshouse trades on a revenue multiple of only 1.8.

In contrast iProperty's share price of \$2.60 to \$2.80 reflects a revenue multiple of 21.1 to 22.7 times last 12 months revenue.

Applying the average and median revenue multiples from the above table to iProperty results in the following values per iProperty share:

iProperty	Revenue Multiple	Revenue \$M	Enterprise Value \$M	Net Debt \$M	Market Cap \$M	Value per Share \$
Low	10.9	22	240	(14)	253	1.39
High	11.1	22	244	(14)	258	1.42

## 6.8 Conclusion

The applicable valuation methodologies that we have considered are summarised as:

Valuation Methodology	Section	Per Share	
		Low \$	High \$
Share price history	6.3.1	2.60	2.80
Revenue multiple	6.7	1.39	1.42

Due to the reasons set out in Section 6.7 above, we have placed limited reliance on the results of the revenue multiple valuation. The market in iProperty shares is liquid and we have concluded that the share price history valuation methodology should be preferred.

Based on the above we have valued the iProperty shares in a range of \$2.60 to \$2.80 per share.

## **7. SFL / REA HK – Key Information**

### **7.1 Background**

SFL is a company incorporated in Hong Kong and is a wholly owned subsidiary of REA Group Hong Kong Limited, which in turn is a wholly owned subsidiary of REA.

SFL is principally engaged in the publication of real estate advertising magazines and provision of online advertising in Hong Kong. SFL's operations include:

- real estate portal squarefoot.com.hk, which advertises property in Hong Kong;
- print publication “squarefoot”, which also advertises property in Hong Kong; and
- real estate portal myfun.com, which advertises Australian property to buyers and investors from China.

The business to be acquired by iProperty and to which we refer as REA HK comprises of the real estate portal squarefoot.com.hk, the print publication squarefoot and related assets including the associated intellectual property, supplier contracts and employees. (iProperty is not acquiring the myfun.com portal, or any assets that form part of SFL's working capital.) The only liability to be assumed by iProperty relates to the employees' past service.

squarefoot.com.hk is dedicated to providing property listings and information on the Hong Kong property market through a number of platforms, including a property website and a bilingual magazine.

In addition to displaying Hong Kong properties, squarefoot.com.hk advertises Australian and UK listings. squarefoot.com.hk is presented in English and Cantonese and is targeted towards expatriates and other English speakers in Hong Kong.

### **7.2 Financial Position**

Whilst iProperty is only acquiring REA HK, as this is the major activity of SFL, we have set out below the net assets of SFL as at 30 June 2012, 30 June 2013 and 30 June 2014:

	30 June 2012 Audited HK\$	30 June 2013 Audited HK\$	30 June 2014 Unaudited HK\$
<b>Current Assets</b>			
Cash and cash equivalents	800,143	1,863,426	2,392,550
Trade and other receivables	1,722,357	2,377,287	2,755,539
Related party receivables	338,011	657,471	457,568
<b>Total Current Assets</b>	<b>2,860,511</b>	<b>4,898,184</b>	<b>5,605,657</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	147,190	242,597	1,823,669
Intangibles	43,159	343,778	1,350,066
<b>Total Non-Current Assets</b>	<b>190,349</b>	<b>586,375</b>	<b>3,173,735</b>
<b>Total Assets</b>	<b>3,050,860</b>	<b>5,484,559</b>	<b>8,779,392</b>
<b>Current Liabilities</b>			
Trade and other payables	1,572,895	2,050,025	2,617,525
Employee provisions	415,776	598,799	1,221,039
Deferred income	660,335	606,052	749,973
Related party payables	17,745,207	19,810,350	30,801,716
<b>Total Current Liabilities</b>	<b>20,394,213</b>	<b>23,065,226</b>	<b>35,390,253</b>
<b>Total Liabilities</b>	<b>20,394,213</b>	<b>23,065,226</b>	<b>35,390,253</b>
<b>NET ASSETS</b>	<b>(17,343,353)</b>	<b>(17,580,667)</b>	<b>(26,610,861)</b>

Source: SFL Financial Statements for the year ended 30 June 2013 and management accounts for the year ended 30 June 2014

### 7.3 Financial Performance

SFL's statements of comprehensive income for the years ended 30 June 2012, 2013 and 2014 were as follows:

	Financial Years Ended		
	30/06/2012	30/06/2013	30/06/2014
	Audited HK\$	Audited HK\$	Unaudited HK\$
<b>Continuing operations</b>			
Advertising income	9,708,676	9,253,891	8,216,120
Online advertising income	3,961,575	6,934,951	9,827,797
Other income -interest	23	67	433
<b>Total continuing operations</b>	<b>13,670,274</b>	<b>16,188,909</b>	<b>18,044,350</b>
<b>Expenses</b>			
Cost of sales	(3,288,360)	(3,927,005)	} (26,241,271)
Selling and distribution expenses	(1,122,977)	(1,446,774)	
General and administrative expenses	(10,352,730)	(13,009,815)	
Net exchange gains/(losses)	733,732	1,957,371	(833,274)
<b>Total expenses</b>	<b>(14,030,335)</b>	<b>(16,426,223)</b>	<b>(27,074,545)</b>
<b>Profit/(loss) before tax</b>	<b>(360,061)</b>	<b>(237,314)</b>	<b>(9,030,195)</b>
Income tax expense	-	-	-
<b>Total comprehensive profit/(loss) for the year</b>	<b>(360,061)</b>	<b>(237,314)</b>	<b>(9,030,195)</b>

Source: SFL Financial Statements for the year ended 30 June 2013 and management accounts for the year ended 30 June 2014

## 8. Assessment of the Value of REA HK

8.1 The definition of value and the valuation methodologies considered are the same as detailed in Section 6 above.

### 8.2 Share Price History

As REA HK is a wholly owned subsidiary of REA and there have been no arms length transactions in its shares, we have not been able to apply this valuation methodology.

### 8.3 Asset Based Methods

#### 8.3.1 Net Assets

As explained previously, iProperty is not acquiring SFL, only REA HK, as defined. Effectively iProperty is acquiring the non current assets of SFL and assuming the provision for employee liabilities.

As can be seen from the table in Section 7.2, the non current assets of SFL at 30 June 2014 were recorded in the management accounts of SFL at a book value of HK\$3,173,735 and the provision for employee liabilities at that date was HK\$1,221,039. This means that the book value of the net assets being acquired is approximately \$300,000. As such, we do not believe that REA HK can be valued using asset valuation methodologies.

#### 8.4 Capitalization of Future Maintainable Earnings

As can be seen from the table in Section 7.3, REA HK is not profitable and we have therefore not been able to apply the capitalisation of maintainable earnings methodology to its valuation.

#### 8.5 Net Present Value of Future Cash Flows

An analysis of the net present value of the projected cash flows of a business (or discounted cash flow technique) is based on the premise that the value of the business is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure, the costs of capital and an assessment of the residual value of the business remaining at the end of the forecast period.

We have been provided with REA HK's budget for the 2015 financial year. Whilst the budget predicts a further increase in revenue of approximately 15%, REA HK is not forecasting to generate a positive EBITDA and hence it will not be cash flow positive. We have not been provided with longer-term forecasts and hence we have not continued with this valuation methodology.

#### 8.6 Comparable Market Transactions

In Section 6.7 above we reviewed revenue multiples at which shares in companies comparable to iProperty are trading. The same methodology can be applied to a valuation of REA HK.

The research in Section 6.7 above is based on current share prices of listed companies and therefore reflects a minority or portfolio value, whereas iProperty is acquiring all of REA HK and the transaction would therefore usually include a control premium. On the other hand REA HK is a relatively small business operating in a confined market.

We have therefore researched transactions involving the acquisition of advertising portals, either for sales of property, cars or job advertising. The transactions identified include purchases ranging from a 41% interest through to a 100% interest. The results of our research are:

Transaction Multiples				Implied Enterprise
Purchaser	Target	Date	Transaction Size \$M	Value / Last 12 Months Revenue
Axel Springer Int	Seloger.com	Sep-10	788	8.3
Zillow Inc	Trulia Inc	Jul-14	3,513	14.8
carsales.com	Encar Networks	Apr-14	125	13.6
Scout24	Property Guru	Jun-12	53	8.7
Singapore Press Holdings	sgCarMart	Apr-13	53	10.9
			<b>Average</b>	11.3
			<b>Median</b>	10.9

The acquisitions of Property Guru and sgCarMart involve portals operating in the Singapore market, which is similar to Hong Kong in that both serve a relatively limited market. However both Property Guru and sgCarMart had significantly greater revenue than REA HK generates at this point in time and consequently we would expect REA HK to be relatively less valuable.

As can be seen from Section 6.7 above, Onthhouse trades at a revenue multiple of 1.8. As explained in Section 6.7 Onthhouse is the fourth ranked portal in its market and as the Australian advertising market is relatively mature compared to the Hong Kong, we would expect the growth prospects of Onthhouse to be significantly less favourable than those faced by REA HK.

The Onthhouse multiple is based on the market price of its shares and is therefore a minority value. Control premiums in “Other” industries according to a recent survey<sup>1</sup> were in a range of 27.7% and 39.0% above the value of a minority share. The actual control premium paid is transaction specific and depends on a range of factors, such the level of synergies available to the purchaser, the level of competition for the assets and the strategic importance of the assets.

After applying a typical control premium, the Onthhouse multiple on a control basis would be approximately 2.5 times revenue.

Due to the fourth rank standing of Onthhouse in a mature market, we would expect REA HK to be valued at a higher revenue multiple. On the other hand, due to the relatively small size of REA HK we would expect it to be valued at a lower multiple than either Property Guru (8.7) or sgCarMart (10.9).

After considering the above information, we have concluded that REA HK may be valued in a multiple range of 4.0 to 6.0 times revenue.

As can be seen from the table at Section 7.3 above, REA HK recorded revenue of approximately HK\$18 million for the year ended 30 June 2014. Based on this level of revenue and the above multiples, the value of REA HK may be estimated as follows:

	<b>Low HK\$</b>	<b>High HK\$</b>
Revenue	18,000,000	18,000,000
Multiple	4.0	6.0
Value	<u>72,000,000</u>	<u>108,000,000</u>

<sup>1</sup> RSM Bird Cameron Control Premium Study – June 2013.

## 8.7 Conclusion

The only valuation methodology that we have identified as being applicable to the current circumstances of REA HK is the comparable transaction methodology. Using this methodology we have assessed the value of REA HK to be in a range of HK\$72.0 million and HK\$108.0 million. Based on the current exchange rate of A\$1:HK\$6.76, we have assessed the value of REA HK to lie in the range of \$10.7 million to \$16.0 million.

## 9. Assessment as to Fairness of the Proposed Transaction

In Section 6.8 above we valued the iProperty shares in a range of \$2.60 to \$2.80 per share. As iProperty has agreed to issue 5 million shares as consideration for the acquisition of REA HK, we have valued the consideration in a range of \$13.0 million (5,000,000 x \$2.60) and \$14.0 million (5,000,000 x \$2.80).

In Section 8.7 above we assessed the value of REA HK to lie in the range of \$10.7 million to \$16.0 million.

As the value of the consideration being offered (\$13.0 million to \$14.0 million) is within the range of our assessment of the value of REA HK that is being acquired (\$10.7 million to \$16.0 million), **we consider that the Proposed Transaction is fair.**

## 10. Other Significant Considerations

Prior to deciding whether to approve or reject the Proposed Transaction the iProperty shareholders should also consider the following factors:

- In Section 9 above we concluded that the Proposed Transaction is fair. As the Proposed Transaction is fair it is also considered to be reasonable, however we consider that the iProperty shareholders should also take into consideration the following matters if the Proposed Transaction proceeds:
  - The Proposed Transaction will result in iProperty having ownership of two leading property advertising portals in the Hong Kong market. We would expect this to provide iProperty with increased market power and should result in the two portals generating higher revenues through increasing prices.
  - iProperty has agreed to offer employment to all local staff employed by REA HK, however we would expect substantial cost synergies to emerge in the short to medium term as overlapping functions are merged.
  - The Proposed Transaction will result in increasing the number of shares on issue by approximately 2.0%, resulting in a corresponding dilution of all other iProperty shareholders.
  - Subject to ASX approval, it is a term of the Proposed Transaction that iProperty grant to REA for a period of six months after completion the right to maintain its percentage shareholding in the iProperty by participating in any future issue of equity securities. Any issue of shares to

REA is to be on the same terms as those offered to third parties.

- REA will be entitled to nominate one director to the board of iProperty.
- The Proposed Transaction will result in increasing REA's voting power in iProperty from 17.70% to 19.90%. We consider that this level of voting power does not transfer control of iProperty to REA.

After reviewing the results of our assessment of the fairness of the Proposed Transaction set out in Section 9 and after evaluating the other considerations set out above, we consider that **the Proposed Transaction is fair and reasonable to the Non-Associated shareholders.**

## **11. Financial Services Guide**

### **11.1 Financial Services Guide**

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

### **11.2 DMR Corporate**

DMR Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice in respect of securities to retail and wholesale investors.

### **11.3 Financial Services Offered by DMR Corporate**

DMR Corporate prepares reports commissioned by a company or other entity ("Entity"). The reports prepared by DMR Corporate are provided by the Entity to its members.

All reports prepared by DMR Corporate include a description of the circumstances of the engagement and of DMR Corporate's independence of the Entity commissioning the report and other parties to the transactions.

DMR Corporate does not accept instructions from retail investors. DMR Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. DMR Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

### **11.4 General Financial Product Advice**

In the reports, DMR Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.



### **11.5 Independence**

At the date of this report, none of DMR Corporate, Derek M Ryan nor Mr Paul Lom has any interest in the outcome of the Proposed Transaction, nor any relationship with iProperty or REA and their associates.

Drafts of this report were provided to and discussed with executives of iProperty. There were no alterations to the methodology, valuations or conclusions that have been formed by DMR Corporate.

DMR Corporate had no part in the formulation of the Proposed Transaction. Its only role has been the preparation of this report.

DMR Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

### **11.6 Remuneration**

DMR Corporate is entitled to receive a fee of approximately \$22,000 plus GST for the preparation of this report. With the exception of the above, DMR Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

### **11.7 Complaints Process**

As the holder of an Australian Financial Services Licence, DMR Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement DMR Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act. DMR Corporate is also required to have a system for handling complaints from persons to whom DMR Corporate provides financial services. All complaints must be in writing and sent to DMR Corporate at the above address.

DMR Corporate will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

**DMR Corporate Pty Ltd**



**Derek Ryan**  
Director



**Paul Lom**  
Director

**Sources of Information**

- iProperty's annual report for the years ended 31 December 2013;
- iProperty's Half Year report for the six months ended 30 June 2014;
- iProperty's top 20 shareholder report as at 3 November 2014;
- ASX announcements by iProperty since 1 November 2013;
- iProperty share price history from the Commonwealth Securities web site;
- Research material from Capital IQ;
- Business Sale and Purchase Agreement between REA SFL and iProperty dated 14 October 2014;
- SFL's audited financial statements for the year ended 30 June 2013;
- SFL's profit and loss budget for the financial year ending 30 June 2015;
- SFL's unaudited profit and loss account for the financial year ended 30 June 2014;
- SFL's unaudited balance sheet as at 30 June 2014;
- Information on iProperty, REA and SFL web sites;
- Discussions with the Mr Robert Goss, Chief Financial Officer of iProperty; and
- draft copy of the Notice of Meeting and Explanatory Memorandum.

## Appendix B-1

## Description of Comparative Companies

**Autohome Inc (“Autohome”)**

Autohome operates as an online destination for automobile consumers in the People’s Republic of China. The company through its websites, autohome.com.cn and che168.com delivers independent and interactive content to automobile buyers and owners, including professionally produced content that comprises automobile-related articles and reviews, pricing trends in various markets, and photos and video clips; automobile library, which includes a range of specifications covering performance levels, dimensions, powertrains, vehicle bodies, interiors, safety, entertainment systems, and other unique features, as well as manufacturers’ suggested retail prices; new and used automobile listings, and promotional information; and user forums and user generated content. Autohome also offers advertising services for automakers and dealers; dealer subscription services that allow dealers to market their inventory and services through its websites; used automobile listings services, which allow used automobile dealers and individuals to market their automobiles for sale on its websites; and automobile dealer subscription services that enable dealers to establish and maintain online showrooms of automobiles with pricing and promotional information on autohome.com.cn. In addition, it operates automotive aftermarket services platform that integrates services descriptions and pricing information into a database that enables its users to identify and research local automobile services shops, schedule various services with them, and offer real-time feedback on the service providers; provides iOS- and Android-based applications to allow its users to access its content; and offers technical and consulting services. Autohome was formerly known as Sequel Limited and changed its name to Autohome in October 2011. Autohome was founded in 2008 and is headquartered in Beijing, the People’s Republic of China.

**ZIGExN Co., Ltd (“ZIGExN”)**

ZIGExN is engaged in life media platform business in Japan. It operates Change jobs EX, a job site; Dispatch EX, a job search site that provides job information and information agency services; EX part-time job, a part time job recruitment site; Nurse jobs EX, a nurse recruitment and labor site; Pharmacist jobs EX, a pharmacist job search site; and JOB ZIGExN, a job search site for full-time and part-time jobs. ZIGExN also operates Rent SMOCCA! –Ex, a search site for real estate rental housing property information; Home purchase EX, a search site that provides information on condominiums and single-family houses; Moving estimate EX, a moving estimate site; and Provider EX, a comparison site for contracts and transfer method choices on mobile communications. In addition, it operates Solar power generation EX, a site for solar power generation suppliers; Used car EX, an used car information site that is used for searching quotes and summarizing used cars; Car purchase EX, a site for car purchase and car assessment activities; and Auto insurance EX, a insurance information review site for auto insurance companies. Further, the company operates Action for marriage EX, a marriage information portal; Ticket Choi Kit-ex, a ticket buying and selling site for live concerts and tours, as well as deals in musical theater tickets and tickets for professional baseball; and Travel EX, a domestic travel information site. ZIGExN was founded in 2006 and is headquartered in Tokyo, Japan.

**REA Group Limited (“REA”)**

REA provides real estate online advertising and related services. It offers online advertising services for residential and commercial properties for sale, rent, and lease; online display advertising space for advertisers in various industries; property market related information to customers and consumers; and other services. REA provides online advertising services to real estate agents, property developers, and display advertisers through its websites; mobile websites; applications for iPhone, android, and iPad; and print publications. It has operations in Australia, Italy, Luxembourg, France, Hong Kong, and China. REA was formerly known as realestate.com.au Ltd. and changed its name to REA Group Limited in December 2008. The company was founded in 1995 and is headquartered in Richmond, Australia.

**Zoopla Property Group Plc (“Zoopla”)**

Zoopla owns and operates online property portals in the United Kingdom. Its portals provide consumers to search for property, research the property market, and connect with property professionals. Zoopla offers property marketing and data services to property professionals, including estate agents, letting agents, and new home developers. It operates its property portals under the Zoopla, PrimeLocation, SmartNewHomes, and HomesOverseas brand names. Zoopla was formerly known as Project Zigzag Limited and changed its name to Zoopla. The company was founded in 2007 and is headquartered in London, the United Kingdom.

## Description of Comparative Companies

### **MercadoLibre, Inc. (“MercadoLibre”)**

MercadoLibre hosts online commerce platforms in Latin America. It offers MercadoLibre Marketplace, an automated online e-commerce service for businesses and individuals to list items and conduct their sales and purchases online in a fixed-price or auction-based format. The company’s MercadoLibre marketplace enables commerce through online classifieds for motor vehicles, vessels, aircraft, services, and real estate; and Internet users to browse through various products that are listed on its website and to register with MercadoLibre to list, bid for, and purchase items and services. It also provides MercadoLibre Classified solution for users to list their offerings related to vehicles, real estate, and services outside the marketplace platform; and MercadoPago, an integrated online payments solution to facilitate transactions on and off the MercadoLibre marketplace by providing a mechanism that allows its users to send, receive, and finance payments online. In addition, the company offers MercadoClics program that allows retailers, small and medium brands, and various consumer brands to promote their products and services on the Internet; and enables users and advertisers to place display and text advertisements on its website to promote their brands and offerings. Further, it provides MercadoShops on-line stores solution, a software-as-a-service, which allows users to set-up, manage, and promote their own online webstores; and MercadoEnvios, a shipping solution for marketplace users. As of December 31, 2013, the company operated online commerce platforms directed towards Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Panama, Peru, Portugal, Uruguay, and Venezuela; online payments solutions directed towards Argentina, Brazil, Mexico, Venezuela, Chile, and Colombia; and a real estate classified platform that covers various areas in Florida. MercadoLibre was founded in 1999 and is headquartered in Buenos Aires, Argentina.

### **carsales.com Limited (“carsales.com”)**

carsales.com is engaged in online automotive, motorcycle, and marine classifieds business primarily in Australia. It operates in three segments: Online Advertising Services, Data and Research Services, and International. carsales.com provides online advertising services, including classified advertising services to private sellers and dealer customers; and display advertising services that enable to place advertisements on company’s website for corporate customers, such as automotive manufacturers/importers, finance and insurance companies, etc. It also offers software, analysis, research and reporting, valuation, and website development and hosting services, as well as photography services to manufacturers/importers, dealers, industry bodies, and finance and insurance companies. In addition, carsales.com provides information relating to the used and new cars for sale; advertisements relating to special offers on new cars, used cars, and other services; private advertising services for cars; car valuation services; information on motoring news, new model releases, future models, car reviews, road tests, and motoring events; and car finance and insurance services. Further, it is engaged in online retail business. carsales.com operates various automotive websites comprising carsales.com.au, CarPoint.com.au, bikesales.com.au, and RedBook.com.au, as well as boat, caravan, and truck and machinery classified websites. carsales.com is based in Richmond, Australia.

### **Trade Me Group Limited (“Trade Me”)**

Trade Me operates an online marketplace and classified advertising platform in New Zealand. The company operates in General Items, Classifieds, and Other segments. The General Items segment provides on-line marketplace for goods and services. The Classifieds segment operates advertising sites for motors, property, and jobs. The Other segment operates advertising, travel, holiday houses, online dating, pay now, and online insurance comparison websites. Trade Me offers auction and fixed price sale of new and used goods, as well as online vehicle information service. Trade Me was founded in 1999 and is based in Wellington, New Zealand.

### **Trulia, Inc. (“Trulia”)**

Trulia provides tools to research homes and neighborhoods for consumers through web and mobile applications. Trulia, through its tools, also enables real estate professionals to market their listings. It provides subscription and free products for real estate professionals, as well as sells display media advertising. In addition, the company offers information on schools, crime, neighborhood amenities, home values, and other communities. It serves buyers, sellers, and renters. Trulia was formerly known Realwide, Inc. and changed its name to Trulia in September 2005. Trulia was founded in 2005 and is headquartered in San Francisco, California.

### **Jobindex A/S (“Jobindex”)**

Jobindex provides online job search services in Denmark and internationally. It offers job advertising, additional exposure and employer branding, and recruiting and consulting services. Jobindex is based in Frederiksberg, Denmark.

### Description of Comparative Companies

**Onthefhouse Holdings Limited (“Onthefhouse”)**

Onthefhouse provides real estate software and data, and online advertising solutions for real estate professionals, financial institutions, and the public in Australia and New Zealand. It operates through two segments, Real Estate Solutions and Consumer Online. The Real Estate Solutions segment offers tools for real estate agents, other property professionals, and financial institutions to run their businesses. This segment provides a platform for office administration, property sales, property information, and management applications. This segment’s product offering includes software solutions for real estate agents, business performance tools for data and valuation related services, and intellectual property. The Consumer Online segment operates onthefhouse.com.au website that provides free access to a database of real estate content and property values on various properties, including property descriptions, sold history, sales and rental listing history, estimated property values, comparative property details, mapping information, property images, and local analytical and value trending information in a database of approximately 13 million properties. Onthefhouse is based in Brisbane, Australia.

**Declarations, Qualifications and Consents**

**1. Declarations**

This report has been prepared at the request of the Directors of iProperty pursuant to Chapter 10 of ASX listing rules. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transaction is fair and reasonable.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

**2. Qualifications**

Mr Derek M Ryan and Mr Paul Lom, directors of DMR Corporate prepared this report. They have been responsible for the preparation of many expert reports and are involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Ryan has had over 40 years experience in the accounting profession and he is a Fellow of the Institute of Chartered Accountants in Australia. He has been responsible for the preparation of many expert reports and is involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Chartered Accountant and a Registered Company Auditor with more than 35 years experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

**3. Consent**

DMR Corporate consents to the inclusion of this report in the form and context in which it is included in an ASX announcement or Notice of Meeting.

**All Correspondence to:**

 **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

Level 7, 207 Kent Street,  
Sydney NSW 2000 Australia

 **By Fax:** +61 2 9290 9655

 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

 **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11.00am (MYT) on Wednesday 17 December 2014.**

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11.00am (MYT) on Wednesday 17 December 2014.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

 **By Fax** + 61 2 9290 9655

 **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia

 **In Person** Level 7, 207 Kent Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

**PROXY FORM****STEP 1 APPOINT A PROXY**

I/We being a member/s of **iProperty Group Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at **iProperty Group Limited, Suite 11.01, Level 11, Menara IGB, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia on Friday, 19 December 2014 at 11:00 am (MYT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

**STEP 2 VOTING DIRECTIONS**

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

	For	Against	Abstain*
Resolution 1 Approval of the Transaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**STEP 3 SIGNATURE OF SHAREHOLDERS**

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2014