

ASX Media Release

14 December 2015

Scheme booklet

iProperty Group Limited (**iProperty**) (**ASX: IPP**) announces that the Australian Securities and Investments Commission has registered the Scheme Booklet in relation to the proposed acquisition by Austin Bidco Pty Ltd (**Bidco**), a wholly owned subsidiary of REA Group Limited (**REA**), of all the shares in iProperty (which are not already owned by a member of the REA Group) by way of a scheme of arrangement (**Scheme**).

Earlier today, the Federal Court of Australia approved the convening of a meeting of iProperty shareholders (**Scheme Meeting**) to consider and vote on the Scheme, and approved the dispatch of the Scheme Booklet to iProperty shareholders.

A copy of the Scheme Booklet, which includes an Independent Expert's Report and a notice of Scheme Meeting, is attached to this announcement, together with a copy of the proxy form for the Scheme Meeting.

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THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ IT ENTIRELY BEFORE DECIDING WHETHER OR NOT TO VOTE IN FAVOUR OF THE SCHEME OF ARRANGEMENT. IF YOU ARE IN ANY DOUBT ABOUT HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD CONTACT YOUR BROKER OR FINANCIAL, TAXATION, LEGAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

iProperty Scheme Booklet

This Scheme Booklet relates to a scheme of arrangement between Scheme Shareholders and iProperty Group Limited (ABN 99 126 188 538) which, if implemented, will result in REA Group Limited (ABN 54 068 349 066) through its Subsidiary, Austin Bidco Pty Ltd (ACN 609 050 393), acquiring all of the Scheme Shares.

The iProperty Independent Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal, and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of iProperty Shareholders.

A Notice of Scheme Meeting is included as Annexure 9 to this Scheme Booklet, and a proxy form for the Scheme Meeting accompanies this Scheme Booklet. The Scheme Meeting will be held at 10:00am (Sydney time) on 28 January 2016 at the Radisson Blu Hotel, 27 O'Connell Street, Sydney, New South Wales 2000, Australia.

FINANCIAL ADVISER

**Goldman
Sachs**

AUSTRALIAN LEGAL ADVISER



Important notices

General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet in full before making any decision as to how to vote at the Scheme Meeting.

Nature of this Scheme Booklet

This Scheme Booklet includes the explanatory statement for the Scheme required by subsection 412(1) of the Corporations Act.

This Scheme Booklet does not constitute or contain an offer to iProperty Shareholders, or a solicitation of an offer from iProperty Shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Subsection 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under subsection 411(1). Instead, iProperty Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

ASIC and ASX

A copy of this Scheme Booklet has been registered by ASIC for the purposes of subsection 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with paragraph 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearings to approve the Scheme.

A copy of this Scheme Booklet has been provided to ASX. Neither ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

Important notice associated with Court order under subsection 411(1) of the Corporations Act

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how iProperty Shareholders should vote (on this matter iProperty Shareholders must reach their own conclusion); or
- has prepared, or is responsible for the content of, the explanatory statement.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure 9.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting. Any iProperty Shareholder may appear at the Second Court Hearing, expected to be held at 10.15am on 2 February 2016 at the Federal Court of Australia, Law Courts Building, 184 Phillip Street, Sydney, NSW 2000. Any iProperty Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on iProperty a notice of appearance in the

prescribed form together with any affidavit that the iProperty Shareholder proposes to rely on.

Defined terms

Capitalised terms used in this Scheme Booklet are defined in section 12 of this Scheme Booklet. Section 12 also sets out some rules of interpretation which apply to this Scheme Booklet. Some of the documents reproduced in the annexures to this Scheme Booklet have their own defined terms, which are sometimes different to those set out in section 12.

No investment advice

This Scheme Booklet has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any iProperty Shareholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice. The iProperty Independent Directors encourage you to seek independent financial and taxation advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme. This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme. In particular, it is important that you consider the potential risks if the Scheme does not proceed, as set out in section 9.2 of this Scheme Booklet, and the views of the Independent Expert set out in the Independent Expert's Report contained in Annexure 3. If you are in doubt as to the course you should follow, you should consult an independent and appropriately licensed and authorised professional adviser.

Forward looking statements

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of iProperty, REA, Bidco or Rollco are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to iProperty, REA, Bidco and Rollco and / or the industries in which they operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of iProperty, REA, Bidco or Rollco or their respective officers, directors, employees or advisers or any person named in this Scheme Booklet or involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

The forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme

Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, iProperty, REA, Bidco and Rollco, and their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect (a) any change in expectations in relation to such statements; or (b) any change in events, conditions or circumstances on which any such statement is based.

Responsibility statement

iProperty has prepared, and is responsible for, the iProperty Information. Neither REA nor any of its Subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

REA has prepared, and is responsible for, the REA Information. Neither iProperty nor any of its Subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

Greenwoods & Herbert Smith Freehills has prepared the Tax Adviser's Report in relation to the Scheme and takes responsibility for that report. None of iProperty or REA or any of their respective Subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in the Tax Adviser's Report. The Tax Adviser's Report is set out in Annexure 1.

Deloitte has prepared the Independent Expert's Report (as set out in Annexure 3) and takes responsibility for that report. None of iProperty or REA or any of their respective Subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except, in the case of iProperty, in relation to the information which it has provided to the Independent Expert.

No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with the laws of the Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

This document has not been registered as a prospectus with the Monetary Authority of Singapore, and the offer of the B-Class Rollco Shares pursuant to the Scheme is made in reliance on the offering exemption under section 273(1)(c) of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**). Accordingly, this document and any other document or material in connection with the offer or sale of the B-Class Rollco Shares pursuant to the Scheme may not be circulated or distributed, nor may the B-Class Rollco Shares issued pursuant to the Scheme be offered or sold, whether directly or indirectly, to any person in Singapore other than (i) to an iProperty Shareholder pursuant to Section 273(1)(c) of the SFA or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Tax implications of the Scheme

If the Scheme becomes Effective, there will be tax consequences for Scheme Shareholders which may

include tax being payable on any gain or disposal of shares. For further detail regarding general Australian tax consequences of the Transaction, refer to Annexure

1. The tax treatment may vary depending on the nature and characteristics of each iProperty Shareholder and their specific circumstances. Accordingly, iProperty Shareholders should seek professional tax advice in relation to their particular circumstances.

Financial amounts

All financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated. Any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding. All financial and operational information set out in this Scheme Booklet is current as at the date of this Scheme Booklet, unless otherwise stated.

Charts and diagrams

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date.

Timetable and dates

All times and dates referred to in this Scheme Booklet are times and dates in Sydney, New South Wales, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change and, among other things, are subject to all necessary approvals from Government Agencies.

Privacy

iProperty may collect personal information in the process of implementing the Scheme. The type of information that it may collect about you includes your name, contact details and information on your shareholding in iProperty and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Scheme Meeting as relevant to you. The collection of some of this information is required or authorised by the Corporations Act. The primary purpose of the collection of personal information is to assist iProperty to conduct the Scheme Meeting and implement the Scheme. Without this information, iProperty may be hindered in its ability to issue this Scheme Booklet and implement the Scheme. Personal information of the type described above may be disclosed to the iProperty Share Registry, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), authorised securities brokers, professional advisers, related bodies corporate of iProperty, Government Agencies, and also where disclosure is otherwise required or allowed by law. iProperty Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of the information about you held by the iProperty Share Registry in connection with iProperty Shares, please contact the iProperty Share Registry. iProperty Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should ensure that they inform such an individual of the matters outlined above.

Date of Scheme Booklet

This Scheme Booklet is dated 14 December 2015.

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Letter from the Chairman of iProperty

14 December 2015

Dear iProperty Shareholder,

I am pleased to provide to you this Scheme Booklet which contains important information in relation to the proposed acquisition by REA Group Limited (**REA**) of iProperty Group Limited (**iProperty**).

The Scheme

On 2 November 2015, iProperty announced that it had entered into a Scheme Implementation Deed with realestate.com.au Pty Ltd (**realestate.com.au**) and REA (which owns 100% of realestate.com.au), under which it is proposed that Austin Bidco Pty Ltd (**Bidco**), a newly incorporated wholly owned Subsidiary of REA, will acquire all the iProperty Shares (which are not already owned by a member of the REA Group) by way of a scheme of arrangement.

Cash Consideration

Under the Scheme, iProperty Shareholders (other than Excluded Shareholders) will be entitled to receive \$4.00 in cash per iProperty Share (**Cash Consideration**). Alternatively, iProperty Shareholders (other than Ineligible Foreign Shareholders and Excluded Shareholders) may elect the Mixed Consideration (see below) in respect of their iProperty Shares.

Mixed Consideration

The Mixed Consideration comprises \$1.20 in cash and 0.7 B-Class Rollco Shares for each iProperty Share, subject to a Scale Back.¹ The extent of the Scale Back on the number of B-Class Rollco Shares received for each iProperty Share may be significant and will depend on the number of iProperty Shareholders who validly elect the Mixed Consideration and will not be known until after the Scheme Record Date (being after the date of the Scheme Meeting). The table in section 3.4(a) of this Scheme Booklet illustrates the amount of cash and B-Class Rollco Shares that an iProperty Shareholder may receive under a number of different scenarios.²

Rollco is a newly incorporated unlisted Australian company³ which will provide B-Class Rollco Shareholders with a continuing indirect minority interest in iProperty (through holding a minority interest of between 10.7% and 20% in Bidco⁴). Put and call options over B-Class Rollco Shares will provide a progressive exit mechanism for B-Class Rollco Shareholders, allowing them to sell their B-Class Rollco Shares to realestate.com.au during exercise windows following release of Bidco's FY16 and FY17 financial statements, or at any time after 31 December 2016.⁵ The sale price for B-Class Rollco Shares is related to, amongst other things, the time of exercise of the put or call option and (in most circumstances) whether or not iProperty reaches certain revenue hurdles in FY16 and revenue and EBITDA hurdles in FY17.

In normal circumstances, the price received for B-Class Rollco Shares will range between \$4.14 (assuming a sale of B-Class Rollco Shares occurring during the first exercise window after Bidco's FY16 financial statements are released, and a failure to achieve the FY16 revenue hurdle) and \$5.29 (for a sale of B-Class Rollco Shares during the second exercise window after Bidco's FY17 financial statements are released, and achievement of the highest FY17 revenue and EBITDA hurdles, which may not occur).

¹ See section 3.4(a) of this Scheme Booklet for details of the Scale Back.

² The maximum possible Scale Back (based on the assumption that all Scheme Shareholders are entitled to, and do, elect the Mixed Consideration) would result in Scheme Shareholders who make a valid Mixed Consideration Election receiving \$2.965 cash and 0.259 B-Class Rollco Shares for each iProperty Share. See the table in section 3.4(a) for further details.

³ A B-Class Rollco Share is a share in the newly incorporated unlisted Australian company, Rollco, and is not a share in REA. If the Scheme is implemented, returns attributable to B-Class Rollco Shares will be determined based on the future performance of iProperty's operations and the time of exercise of the options over the B-Class Rollco Shares. B-Class Rollco Shares will not have exposure to REA's existing business or operations. For more information, see section 6.

⁴ See section 3.6(c) of this Scheme Booklet for details on the percentage interest which Rollco will have in Bidco.

⁵ REA has agreed to guarantee the payment obligations of realestate.com.au in relation to the put and call options. iProperty Shareholders should note that no amounts will be specifically set aside by realestate.com.au or REA in a trust or other bank account for this purpose. See section 9.3(h) for further details.

In certain limited circumstances, involving events of default by B-Class Rollco Shareholders or Rollco under the Shareholders' Deed or Rollco Constitution, B-Class Rollco Shares may be acquired by realestate.com.au at \$4.00.⁶

The iProperty Independent Directors make no representation or warranty as to the likelihood of the relevant FY16 and FY17 revenue and EBITDA Hurdles being met. There is no assurance that any of these Hurdles will be met. See section 6.4(e) for further information on the Hurdles.

If the Hurdles are not met (and assuming B-Class Rollco Shares are sold in the normal circumstances outlined above), iProperty Shareholders who make an election to receive the Mixed Consideration will be entitled to receive \$4.14 for each of their B-Class Rollco Shares sold during the first exercise window, or \$4.28 for each of their B-Class Rollco Shares sold during the second exercise window.

iProperty Shareholders should note that the \$4.14 to \$5.29 range (referred to above), and the \$4.00, \$4.14 and \$4.28 figures (also referred to above), are the potential actual amounts to be received in the future for each B-Class Rollco Share. None of these figures have been discounted to take into account the fact that this is deferred consideration and to show the net present value of such amounts as at the date of this Scheme Booklet (in other words, this consideration will have a lower value in today's terms in the hands of B-Class Rollco Shareholders when they receive it due to these factors).

iProperty Shareholders should also note that the Independent Expert has assessed the minimum value of the Mixed Consideration (assuming the least favourable non-default scenario (being where B-Class Rollco Shareholders receive no cash in FY17 and \$4.28 for each B-Class Rollco Share in FY18)) to be \$3.86 based on a net present value calculation applying an assessed rate of return discount. The Independent Expert has not assessed the maximum value of the Mixed Consideration, or any of the other possible outcomes, based on a net present value calculation. See the Independent Expert's Report in Annexure 3.

iProperty Shareholders who are considering making a Mixed Consideration Election should take into account the matters described in sections 1.4, 6, 7, 8 and 9 and are strongly encouraged to seek their own independent financial advice in relation to the Mixed Consideration.

Maximum Cash Condition Precedent

The Scheme is conditional upon, among other things, the Maximum Cash Condition Precedent; being that sufficient valid Mixed Consideration Elections must be received from iProperty Shareholders such that the Aggregate Cash Consideration payable by Bidco under the Scheme is less than or equal to \$500 million. This condition will be satisfied if Scheme Shareholders holding in aggregate at least 28,773,999 iProperty Shares, being approximately 19.8% of iProperty Shares excluding iProperty Shares held by Excluded Shareholders, make a valid Mixed Consideration Election.

As mentioned below, Catcha Group Pte Ltd (**Catcha Group**), which holds 31,349,014 iProperty Shares, representing approximately 16.7% of the total number iProperty Shares (or approximately 21.6% of the total number of iProperty Shares excluding shares held by Excluded Shareholders), has advised iProperty that its intention is to elect to receive the Mixed Consideration. Accordingly, the iProperty Independent Directors are satisfied that there is a reasonable basis to expect that the Maximum Cash Condition Precedent will be satisfied.

Value of the Cash Consideration

The Cash Consideration of \$4.00 per iProperty Share represents a significant premium to iProperty's share price prior to the announcement of the Scheme, being:

- 55.0% to the undisturbed iProperty share price, prior to REA's "notice of change of interests of substantial holder" filed with ASX on 21 July 2015 (based on a closing price of iProperty Shares on the ASX of \$2.58 on 20 July 2015);
- 20.1% to iProperty's 1-month VWAP of \$3.33 to 30 October 2015 (the last trading day before the Announcement Date); and
- 29.4% to iProperty's 3-month VWAP of \$3.09 to 30 October 2015.

In addition, the Cash Consideration represents a compelling Enterprise Value / Last 12 Months' Revenue⁷ multiple of 28.7x and attributes a value of approximately \$750 million to iProperty.⁸

⁶ For further information regarding such events of default, see sections 1.4(f) and 6.4(f) of this Scheme Booklet.

iProperty Independent Directors' unanimous recommendation

The iProperty Independent Directors, being myself, John Armstrong, Georg Chmiel and Lucas Elliott have considered the advantages and disadvantages of the Scheme and unanimously recommend that iProperty Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal, and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of iProperty Shareholders.

Owen Wilson and Arthur Charlaftis, who are also iProperty Directors, are executives of REA and have confirmed that they do not consider it appropriate for them to make a recommendation to iProperty Shareholders in relation to the Scheme.⁹

In the view of the iProperty Independent Directors, the certainty of value and limited conditionality of the Scheme are compelling when considering the early stages of iProperty's businesses, the associated implementation, competition and business risks, political and country risk, as well as the risk-adjusted value of iProperty's current strategic initiatives which will take time and capital to execute.

The iProperty Independent Directors believe that the Scheme is the best available opportunity for iProperty Shareholders to realise value for their iProperty Shares. However, should an alternative proposal emerge, the iProperty Independent Directors, consistent with their fiduciary duties, will carefully consider the merits of any such proposal.

Intention of major shareholder

Catcha Group has advised iProperty that its intention is to vote in favour of the Scheme, and to elect the Mixed Consideration, in each case in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of iProperty Shareholders (other than members of the REA Group).

Independent Expert's conclusion

The iProperty Independent Directors commissioned Deloitte to prepare an Independent Expert's Report, assessing the Scheme. Deloitte has assessed the fair value of an iProperty Share, on a controlling basis, to be in the range of \$3.59 to \$4.54 and has concluded that the Scheme is fair and reasonable, and therefore is in the best interests of iProperty Shareholders (other than Excluded Shareholders). The reasons why the Independent Expert reached this conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure 3.

Scheme Meeting

The Scheme can only be implemented if it is approved by the Requisite Majorities of iProperty Shareholders at the Scheme Meeting. I urge you to read this Scheme Booklet carefully in its entirety as it contains important information on the Scheme. I strongly encourage you to participate in this important decision for iProperty Shareholders by either attending the Scheme Meeting which will be held at the Radisson Blu Hotel, 27 O'Connell Street, Sydney, NSW 2000 on 28 January 2016 at 10:00am or, if you are unable to attend in person, by completing the enclosed proxy form.

Further information

If you require further information, please call the iProperty Shareholder Information Line on 1300 721 637 (from within Australia) or +61 2 8016 2890 (from outside Australia). If you are in any doubt as to what you should do, you should consult your legal, financial or other professional adviser.

Thank you for your ongoing support. I look forward to your participation at the Scheme Meeting.

Yours sincerely,



Patrick Grove
Chairman

⁷ Enterprise Value is the equity value of iProperty (assuming \$4.00 per iProperty Share) plus net debt as at 30 September 2015. Last 12 Months' Revenue is iProperty Group's revenue for 12 months to 30 June 2015.

⁸ Calculated as \$4.00 x 187,669,917 (the number of iProperty Shares as at the date of this Scheme Booklet).

⁹ iProperty's Managing Director and CEO, Georg Chmiel, has 3,000,000 iProperty Options. He will receive consideration for the cancellation of these options from REA in connection with the Scheme (see section 11.3). Despite this fact, it is considered appropriate for him to provide a recommendation on the Scheme together with the other iProperty Independent Directors.

Key dates

Event	Time and date
Date of this Scheme Booklet	14 December 2015
First Court Date	14 December 2015
Latest time and date for receipt of proxy forms (including proxies lodged online) or powers of attorney by the iProperty Share Registry for the Scheme Meeting	10:00am on 26 January 2016
Time and date for determining eligibility to vote at the Scheme Meeting	7:00pm on 26 January 2016
Scheme Meeting	10:00am on 28 January 2016

If the Scheme is approved by iProperty Shareholders at the Scheme Meeting:

Election Time	5:00pm on 29 January 2016
Second Court Date	2 February 2016
Outcome of Second Court Hearing announced to the ASX	2 February 2016
Effective Date	2 February 2016
Last day of trading in iProperty Shares on the ASX (iProperty Shares will be suspended from trading on the ASX from close of trading)	2 February 2016
Scheme Record Date (for determining entitlements to Scheme Consideration)	7:00pm on 9 February 2016
Implementation Date (Scheme Consideration will be despatched to Scheme Shareholders on the Implementation Date)	16 February 2016

All times and dates in the above timetable are references to the time and date in Sydney, New South Wales, Australia and all such times and dates are subject to change. iProperty may vary any or all of these dates and times and will provide reasonable notice of any such variation. Certain times and dates are conditional on the approval of the Scheme by iProperty Shareholders and by the Court. Any changes will be announced by iProperty to ASX.

1 Key considerations relevant to your vote and your decision as to whether to elect Mixed Consideration

1.1 Summary of reasons why you might vote for and against the Scheme

(a) Reasons to vote in favour of the Scheme

- (1) The iProperty Independent Directors recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal, and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of iProperty Shareholders.
- (2) The Independent Expert has concluded that the Scheme is in the best interests of iProperty Shareholders (other than Excluded Shareholders).
- (3) The Cash Consideration represents attractive value for iProperty Shareholders.
- (4) The Scheme provides consideration flexibility for iProperty Shareholders, with iProperty Shareholders (other than Ineligible Foreign Shareholders and Excluded Shareholders) able to choose a combination of cash and scrip in Rollco instead of the Cash Consideration.
- (5) Since the Announcement Date, no Competing Proposal has emerged.
- (6) You will not incur any stamp duty or brokerage charges if the Scheme proceeds.
- (7) If the Scheme does not proceed and no Superior Proposal emerges, the price of iProperty Shares may fall, and you will continue to be subject to the risks associated with owning iProperty Shares.

The reasons to vote in favour of the Scheme are discussed in more detail in section 1.2 of this Scheme Booklet.

(b) Reasons to vote against the Scheme

- (1) You may disagree with the iProperty Independent Directors' unanimous recommendation or the Independent Expert's conclusion and believe that the Scheme is not in your best interests.
- (2) You may believe that there is potential for a Superior Proposal to be made in the foreseeable future.
- (3) You may wish to maintain your direct investment in iProperty.
- (4) The tax consequences of the Scheme may not suit your current financial circumstances.

The reasons to vote against the Scheme are discussed in more detail in section 1.3 of this Scheme Booklet.

1.2 Reasons to vote in favour of the Scheme

(a) **The iProperty Independent Directors recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal, and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of iProperty Shareholders**

The iProperty Independent Directors have assessed the merits of the Scheme and unanimously recommend that you vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal, and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of iProperty Shareholders.

In making their unanimous recommendation, the iProperty Independent Directors have considered the advantages and disadvantages of the Scheme, including the information contained in:

- Section 1 of this Scheme Booklet (Key considerations relevant to your vote);
- Section 9 of this Scheme Booklet (Risk factors); and
- Annexure 3 of this Scheme Booklet (Independent Expert's Report).

If the Scheme is implemented, iProperty Shareholders will receive the Cash Consideration unless they make a valid Mixed Consideration Election.¹⁰

(b) The Independent Expert has concluded that the Scheme is in the best interests of iProperty Shareholders (other than Excluded Shareholders)

The iProperty Independent Directors appointed Deloitte as the Independent Expert to prepare a report providing an opinion as to whether the Scheme is in the best interests of iProperty Shareholders.

The Independent Expert assessed the fair market value of an iProperty Share, on a controlling basis, to be in the range of \$3.59 to \$4.54 per iProperty Share. As both the Cash Consideration and the estimated minimum value of the consideration offered under the Mixed Consideration (see further details below) is within the Independent Expert's assessed valuation range for iProperty Shares, the Independent Expert has concluded that the Scheme is fair and reasonable, and therefore is in the best interests of iProperty Shareholders (other than Excluded Shareholders).

The Independent Expert has assessed the minimum value of the Mixed Consideration (assuming the least favourable non-default scenario) to be \$3.86 based on a net present value calculation applying an assessed rate of return discount.¹¹ iProperty Shareholders should also be aware that the Independent Expert has not considered, and has not provided any opinion as to, whether the Hurdles in relation to the B-Class Rollco Shares are likely to be met (having only valued the minimum value of the Mixed Consideration).

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy of which is included in Annexure 3. iProperty Shareholders should carefully review the Independent Expert's Report in its entirety.

(c) The Cash Consideration represents attractive value for iProperty Shareholders

The value of the Cash Consideration of \$4.00 per iProperty Share represents a premium of:

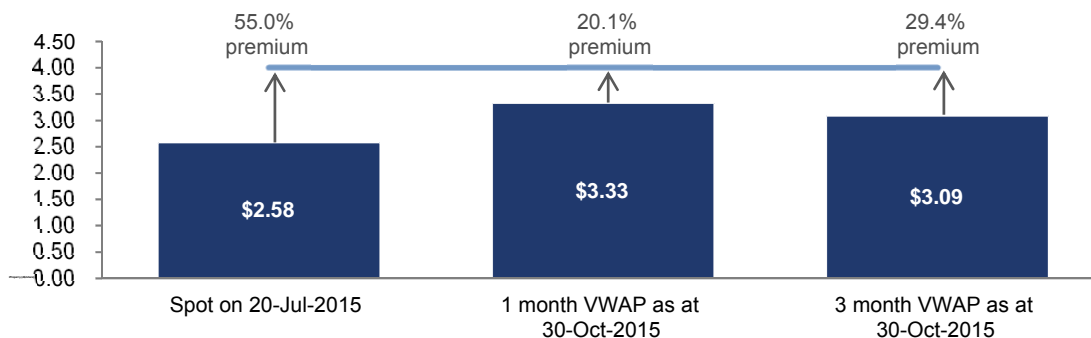
- 55.0% to the undisturbed iProperty share price, prior to REA's "notice of change of interests of substantial holder" filed with ASX on 21 July 2015 (based on a closing price of iProperty Shares on the ASX of \$2.58 on 20 July 2015);
- 20.1% to iProperty's 1-month VWAP of \$3.33 to 30 October 2015 (being the last trading day before the Announcement Date); and
- 29.4% to iProperty's 3-month VWAP of \$3.09 to 30 October 2015.

Set out below is the implied transaction premium to various iProperty share price reference points.

¹⁰ Ineligible Foreign Shareholders are not eligible to make a valid Mixed Consideration Election.

¹¹ The Independent Expert has based its assessment on the scenario where B-Class Rollco Shareholders receive no cash in FY17 and \$4.28 for each B-Class Rollco Share in FY18 (which the Independent Expert considers to be the least favourable scenario for B-Class Rollco Shareholders except for the scenario where B-Class Rollco Shares are acquired at \$4.00 as a result of an event of default). See the Independent Expert's Report, a copy of which is included in Annexure 3, for further details.

Current implied value of the Cash Consideration – Premium to various share price metrics



In addition, the Cash Consideration represents a compelling Enterprise Value / Last 12 Months' Revenue¹² multiple of 28.7x.

(d) **The Scheme provides consideration flexibility for iProperty Shareholders, with iProperty Shareholders (other than Ineligible Foreign Shareholders and Excluded Shareholders) able to choose a combination of cash and scrip in Rollco instead of the Cash Consideration**

The default consideration under the Scheme is the Cash Consideration. If the Scheme proceeds, this provides you with a high degree of certainty of value and timing, and the opportunity to dispose of all of your iProperty Shares at a premium to trading prices prior to the Announcement Date (as highlighted above).

Scheme Shareholders (other than Ineligible Foreign Shareholders) also have the choice of receiving the Mixed Consideration. This flexibility permits such Scheme Shareholders to choose the form of Scheme Consideration that best suits their circumstances.

The Mixed Consideration (comprising \$1.20 in cash and 0.7 B-Class Rollco Shares for each iProperty Share, subject to a proportional Scale Back described in section 3.4(a) of this Scheme Booklet) will provide eligible iProperty Shareholders with cash and shares in an unlisted Australian entity, Rollco, that will hold an indirect, minority equity interest in iProperty (noting that that B-Class Rollco Shares will not have exposure to REA's existing business or operations). This equity interest provides shareholders in Rollco with the ability to retain an indirect ongoing interest in iProperty until no later than the first half of the 2018 calendar year.¹³ If the Scheme is implemented, returns attributable to B-Class Rollco Shares will be determined based on the future performance of iProperty's operations and the time of exercise of the options over the B-Class Rollco Shares.

For more information, see sections 1.4 and 6 of this Scheme Booklet.

(e) **Since the Announcement Date, no Competing Proposal has emerged**

Since the Scheme was announced, there has been a significant period of time for a Competing Proposal to emerge, including a 20-day non-exclusivity period after the date of the Scheme Implementation Deed.

The non-exclusivity period has now lapsed and, as at the date of this Scheme Booklet, no Competing Proposal has been received by iProperty since the Announcement Date on 2 November 2015, and the iProperty Independent Directors are not aware of any Competing Proposal that is likely to be made.

¹² Enterprise Value is calculated as equity value of iProperty (assuming \$4.00 per iProperty Share) plus net debt as at 30 September 2015. Last 12 Months' Revenue represents revenue of the iProperty Group for the twelve months ended 30 June 2015.

¹³ Except in limited circumstances where there is a dispute between Rollco and realestate.com.au as to the exercise price of put or call options or a delay in issue of Bidco's financial accounts for FY17, in which case the B-Class Rollco Shareholders may retain their interest into the second half of calendar year 2018.

(f) **You will not incur any stamp duty or brokerage charges if the Scheme proceeds**

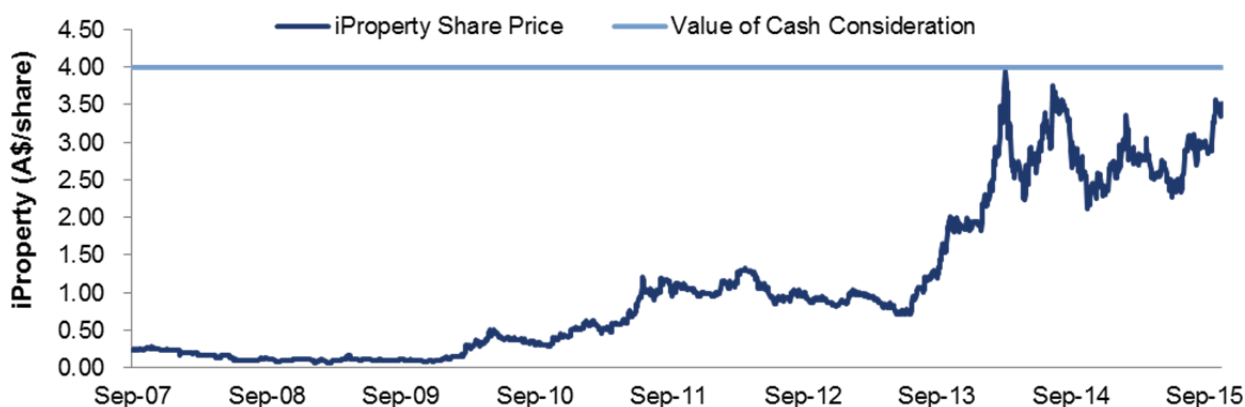
No brokerage or stamp duty is payable on the transfer of your Scheme Shares under the Scheme. If you sell your iProperty Shares on the ASX (rather than disposing of them via the Scheme), you may incur brokerage charges (and, potentially, GST on those charges).

(g) **If the Scheme does not proceed and no Superior Proposal emerges, the price of Shares in iProperty may fall, and you will continue to be subject to the risks associated with owning iProperty Shares**

If the Scheme is not implemented, iProperty Shares will remain quoted on the ASX and will continue to be subject to market volatility, including as a result of general stock market movements and the impact of general economic conditions in the markets in which iProperty operates. As such, if the Scheme is not implemented, it is possible that the price at which iProperty Shares trade will fall.

On 30 October 2015, the trading day prior to iProperty confirming to the ASX that it had entered into the Scheme Implementation Deed with REA and realestate.com.au, the iProperty share price closed at \$3.51.

iProperty share price since listing on the ASX and comparison to Cash Consideration



1.3 Reasons to vote against the Scheme

The iProperty Independent Directors believe that iProperty Shareholders should take into consideration the following potential disadvantages and reasons to vote against the Scheme. Having identified these potential disadvantages, the iProperty Independent Directors consider that they are outweighed by the potential advantages of, and other reasons to vote in favour of, the Scheme set out above.

(a) **You may disagree with the iProperty Independent Directors' unanimous recommendation or the Independent Expert's conclusion and believe that the Scheme is not in your best interests**

Notwithstanding the unanimous recommendation of the iProperty Independent Directors and the conclusion of the Independent Expert, you may believe that the Scheme is not in your best interests.

There is no obligation to follow the unanimous recommendation of the iProperty Independent Directors or agree with the conclusion of the Independent Expert.

(b) **You may believe that there is potential for a Superior Proposal to be made in the foreseeable future**

You may believe that a Superior Proposal, which is more attractive for iProperty Shareholders than the Scheme, could emerge in the foreseeable future. Implementation of the Scheme will mean that existing iProperty Shareholders will not receive the benefit of any such proposal.

Since the Announcement Date and up to the date of this Scheme Booklet, the iProperty Independent Directors have not received or become aware of a Superior Proposal and have no basis for believing that a Superior Proposal will emerge.

The iProperty Independent Directors note that the Scheme Implementation Deed prohibits iProperty from soliciting Competing Proposals after the 20 day non-exclusivity period (which has now passed). However, iProperty is permitted to respond to any Competing Proposals should the iProperty Independent Directors determine, acting in good faith and after consulting with iProperty's financial advisers and receiving written legal advice from external legal advisers, that failing to do so would likely constitute a breach of their fiduciary or statutory duties.

Further details of the key terms of the Scheme Implementation Deed are provided in section 11 of this Scheme Booklet. A copy of the Scheme Implementation Deed is also contained in Annexure 4.

(c) **You may wish to maintain your direct investment in iProperty**

The Mixed Consideration offers eligible iProperty Shareholders the opportunity to invest in Rollco, a newly formed, unlisted Australian company that will hold an indirect, minority equity interest in iProperty if the Scheme is implemented. An investment in Rollco is not the same as an investment in iProperty (or an investment in REA), and if you elect this option, your investment will have different characteristics (including with respect to your rights and the returns and liquidity profiles) than your current investment in iProperty.

Further information on the Mixed Consideration and an investment in Rollco is provided in section 6 of this Scheme Booklet.

Further, if the Scheme is approved and implemented and you receive the Cash Consideration, you will cease to hold an interest in iProperty and will no longer have the rights of an iProperty Shareholder. In particular, you will forego any future capital growth and dividends from iProperty (although there is no certainty as to the quantum of capital growth or payment of dividends).

(d) **The tax consequences of the Scheme may not suit your current financial position**

If the Scheme proceeds, there may be tax consequences for you as an iProperty Shareholder which may include tax payable by you on any gain on the disposal of your iProperty Shares.

If the Scheme is implemented, Scheme Shareholders who make a Mixed Consideration Election will not be eligible for CGT scrip-for-scrip rollover relief on the disposal of Scheme Shares in exchange for B-Class Rollco Shares.

Further detail regarding the general Australian tax consequences of the Scheme is contained in Annexure 1.

1.4 Factors to consider in relation to the Mixed Consideration

iProperty Shareholders (other than Excluded Shareholders and Ineligible Foreign Shareholders) may make a Mixed Consideration Election for all of their iProperty Shares.

iProperty Shareholders who are considering electing the Mixed Consideration for their iProperty Shares should consult their financial adviser, accountant, or stockbroker about whether an investment in Rollco suits their particular investment objectives and review and take note of the matters noted below.

(a) **Scale Back**

The Mixed Consideration, subject to a proportional Scale Back, comprises \$1.20 in cash and 0.7 B-Class Rollco Shares for each iProperty Share.

A Scale Back on the number of B-Class Rollco Shares to be issued per Scheme Share as part of the Mixed Consideration will apply if the number of B-Class Rollco Shares to be issued to Scheme Shareholders who make a valid Mixed Consideration Election (assuming there were no Scale Back) exceeds 37,539,983 B-Class Rollco Shares. If the Scheme is implemented, this would mean that a maximum of 37,539,983 Bidco Rollco Shares are issued to Rollco so that Rollco owns no more than 20% of Bidco.

The extent of the Scale Back will depend on the number of iProperty Shareholders who validly elect the Mixed Consideration and will not be known until after the Scheme Record Date (being after the date of the Scheme Meeting).

The table in section 3.4(a) of this Scheme Booklet illustrates the amount of cash and B-Class Rollco Shares that an iProperty Shareholder may receive under a number of different scenarios. The maximum possible Scale Back (based on the assumption that all Scheme Shareholders are entitled to, and do, elect the Mixed Consideration) would result in Scheme Shareholders who make a valid Mixed Consideration Election receiving \$2.965 cash and 0.259 B-Class Rollco Shares for each iProperty Share.

For further information, see section 3.4(a) of this Scheme Booklet.

(b) **No CGT scrip-for-scrip rollover relief in relation to B-Class Rollco Shares**

iProperty Shareholders will not receive CGT scrip-for-scrip rollover relief in relation to the B-Class Rollco Shares they receive as part of the Mixed Consideration. See the Tax Adviser's Report in Annexure 1 for further details.

(c) **Restrictions on transferring and encumbering B-Class Rollco Shares**

Rollco is not publicly listed on a stock exchange and there will be no market for the sale of B-Class Rollco Shares. No disposal or transfer of the B-Class Rollco Shares is permitted except in very limited circumstances, being primarily the exercise of the Put Options or Call Options which apply to the B-Class Rollco Shares. For more information, see section 6.4 of this Scheme Booklet.

In addition, a B-Class Rollco Shareholder must not permit a security interest to exist over B-Class Rollco Shares or Put Options except in certain circumstances described in section 6.4(g) of this Scheme Booklet.

(d) **Exit mechanism and consideration payable for B-Class Rollco Shares**

iProperty Shareholders who are considering making a Mixed Consideration Election should note that they may not receive any consideration for their B-Class Rollco Shares until potentially the first half of calendar year 2018, although they may choose to receive consideration in respect of some or all of their B-Class Rollco Shares from 31 December 2016.¹⁴

Put options granted in favour of Rollco shareholders by realestate.com.au will provide a progressive exit mechanism for Rollco shareholders, allowing them to sell their B-Class Rollco Shares to realestate.com.au during exercise windows following release of Bidco's FY16 and FY17 financial statements to Rollco shareholders, or at any time after 31 December 2016. The sale price for B-Class Rollco Shares is related to, amongst other things, the time of exercise of the put option and (in most circumstances) whether or not iProperty reaches certain revenue hurdles in FY16 and revenue and EBITDA hurdles in FY17.

In normal circumstances, the price received for B-Class Rollco Shares will range between \$4.14 (assuming a sale of B-Class Rollco Shares occurring during the first exercise

¹⁴ In limited circumstances (eg, in the case of an event of default) consideration may be received earlier than this. The time of receipt of consideration will impact on amount of consideration received. In limited circumstances, where there is a dispute between Rollco and realestate.com.au as to the exercise price of Put Options or Call Options or a delay in issue of Bidco's financial accounts for FY17, B-Class Rollco Shareholders may not receive consideration for their B-Class Rollco Shares until the second half of calendar year 2018.

window after Bidco's FY16 financial statements are released, and a failure to achieve the FY16 revenue hurdle) and \$5.29 (for a sale of B-Class Rollco Shares during the second exercise window after Bidco's FY17 financial statements are released, and achievement of the highest FY17 revenue and EBITDA hurdles, which may not occur).

iProperty Shareholders should note that the \$4.14 to \$5.29 range (referred to above) are the potential actual amounts to be received in the future for each B-Class Rollco Share. None of these figures have been discounted to take into account the fact that this is deferred consideration and to show the net present value of such amounts as at the date of this Scheme Booklet (in other words, this consideration will have a lower value in today's terms in the hands of B-Class Rollco Shareholders when they receive it due to these factors).

iProperty Shareholders should also note that the Independent Expert has assessed the minimum value of the Mixed Consideration (assuming the least favourable non-default scenario (being where B-Class Rollco Shareholders receive no cash in FY17 and \$4.28 for each B-Class Rollco Share in FY18)) to be \$3.86 based on a net present value calculation applying an assessed rate of return discount. The Independent Expert has not assessed the maximum value of the Mixed Consideration, or any of the other possible outcomes, based on a net present value calculation. See the Independent Expert's Report in Annexure 3.

A call option will also be granted to realestate.com.au over B-Class Rollco Shares, with the sale price of B-Class Rollco Shares related to, amongst other things, the time of exercise of the call option and (in most cases) whether or not iProperty reaches certain revenue and EBITDA hurdles in FY17.

(e) **Likelihood of revenue and EBITDA Hurdles being met and control of such hurdles**

The iProperty Independent Directors make no representation or warranty as to the likelihood of the relevant FY16 and FY17 revenue and EBITDA Hurdles being met. There is no assurance that any of these Hurdles will be met. See section 6.4(e) of this Scheme Booklet for further information on the likelihood of the Hurdles being met.

If the Hurdles are not met (and assuming B-Class Rollco Shares are sold in the normal circumstances outlined in the paragraph above), iProperty Shareholders who make an election to receive the Mixed Consideration will be entitled to receive \$4.14 for each of their B-Class Rollco Shares sold during the first exercise window, or \$4.28 for each of their B-Class Rollco Shares sold during the second exercise window.

iProperty Shareholders are encouraged to seek their own independent financial advice in relation to this issue.

In certain limited circumstances, involving events of default (see below) by B-Class Rollco Shareholders or Rollco under the Shareholders' Deed or Rollco Constitution, B-Class Rollco Shares may be purchased by realestate.com.au at \$4.00.¹⁵

Whether or not the Hurdles are met will depend on the financial performance of iProperty in FY16 and FY17. From the Implementation Date, the REA Group will be in control of iProperty, which may impact (positively or negatively) on iProperty's financial performance. However, to seek to ensure that the REA Group does not artificially alter the performance of iProperty during FY16 and FY17 in order to influence the price realestate.com.au pays for B-Class Rollco Shares, a number of protections are included in the Shareholders' Deed and Rollco Constitution. These include:

- **decision making rights of Bidco directors which are appointed by Rollco** – for example, whilst Rollco has appointed or is entitled to appoint 2 directors to the board of Bidco, approving or materially varying or departing from the budget

¹⁵

B-Class Rollco Shares may only be purchased by realestate.com.au at \$4.00 if either Rollco commits an 'Event of Default' under the Shareholders' Deed or Rollco Constitution (in which case realestate.com.au may purchase all B-Class Rollco Shares then on issue at \$4.00) or if a B-Class Shareholder commits an 'Event of Default' under the Rollco Constitution (in which case realestate.com.au may purchase that B-Class Rollco Shareholder's B-Class Rollco Shares at \$4.00). For further information see section 6.4(f) of this Scheme Booklet.

for the group headed by Bidco requires approval of the Bidco directors which are appointed by Rollco (for further information, see section 7.2; and

- **adjustments to the calculation of revenue and EBITDA for FY16 and FY17** – in order to ensure that the revenue and EBITDA of FY16 and FY17 are determined on a similar basis to the manner in which Revenue and EBITDA have been determined by iProperty historically and to prevent material alterations to the business of the iProperty Group undertaken by the REA Group from impacting on revenue and EBITDA, the Revenue and EBITDA in FY16 and FY17 may be subject to a number of adjustments for the purposes of determining the price which realestate.com.au pays for B-Class Rollco Shares. For example, revenue and EBITDA must be calculated in accordance with accounting standards as applied and disclosed in iProperty's FY15 financial statements, revenue or expenses incurred outside the ordinary course of business must be disregarded, and deferral or acceleration of revenue and expenses (which is outside the ordinary course) must be disregarded. For further information, see section 6.4(d).

Additionally, iProperty Shareholders should note that REA has stated that its intention is to retain the existing iProperty management team and for iProperty to continue to operate as a stand-alone business and there are no current intentions for material changes to the iProperty business. For further information in respect of REA's intentions for iProperty following implementation of the Scheme, please refer to section 5.6 of this Scheme Booklet.

For more information, see section 6.4 of this Scheme Booklet.

(f) **Default**

As noted above, in certain limited circumstances, B-Class Rollco Shares may be purchased by realestate.com.au at \$4.00. B-Class Rollco Shares may only be purchased by realestate.com.au at \$4.00 if either:

- Rollco commits an 'Event of Default' under the Shareholders' Deed or Rollco Constitution (in which case realestate.com.au may purchase all B-Class Rollco Shares then on issue at \$4.00); or
- if a B-Class Rollco Shareholder commits an 'Event of Default' under the Rollco Constitution (in which case realestate.com.au may purchase that B-Class Rollco Shareholder's B-Class Rollco Shares at \$4.00).

Given that after the Implementation Date, Rollco will be controlled by B-Class Rollco Shareholders, whether or not Rollco commits an 'Event of Default' under the Shareholders' Deed or Rollco Constitution will depend on the actions taken by Rollco and the B-Class Rollco Shareholders and not the REA Group. Similarly, whether a B-Class Shareholder is in default will depend on its own actions.

Scheme Shareholders should note that larger shareholders in Rollco will have a relatively high degree of power in respect of Rollco's activities and smaller Scheme Shareholders who make Mixed Consideration Elections may have a relatively small degree of influence over Rollco and may not have control over whether Rollco commits an 'Event of Default'.

For further information see sections 6.4(f) and 9.3(d) of this Scheme Booklet.

(g) **Put Options and Call Options - credit risk**

iProperty Shareholders who are considering making a Mixed Consideration Election should note that they may not receive any consideration for their B-Class Rollco Shares until potentially the first half of calendar year 2018, although they may choose to receive consideration in respect of some or all of their B-Class Rollco Shares from 31 December 2016.¹⁶

There is a risk that realestate.com.au or REA (as guarantor) could fail to pay the relevant consideration for B-Class Rollco Shares on exercise of the relevant Put Option or Call

¹⁶ See footnote 14.

Option as no amounts will be specifically set aside by realestate.com.au in a trust or other bank account for this purpose.

However, it should be noted that both realestate.com.au and REA are entities of significant financial standing. REA (which has guaranteed the payment obligations under the Put Options and Call Options) has a market capitalisation of approximately A\$6.9 billion (as at the Last Practicable Date) and reported profit of approximately A\$200.5 million for the 12 month period ending 30 June 2015.

In the event that realestate.com.au and REA were to default on their obligations to make payment under the options, B-Class Rollco Shareholders may have standing to sue realestate.com.au and/or REA (including under the Deed Poll) to fulfil their obligations under the options, however in circumstances where those parties are unable to make the relevant payments, it may be difficult for damages to be obtained.

In addition, if realestate.com.au and REA were to default on their obligations to make payment under the options, the Rollco Constitution provides that completion of the transfer of B-Class Rollco Shares will not take place and shareholders will retain those B-Class Rollco Shares, along with all of the rights attached to those B-Class Rollco Shares as described in sections 6 and 7. The restrictions on B-Class Rollco Shareholders transferring their B-Class Rollco Shares will also be lifted to enable B-Class Rollco Shareholders to sell their B-Class Rollco Shares (although this may be difficult). See section 6.4 for more details.

(h) Independent Expert's assessment

The Independent Expert has assessed the minimum value of the Mixed Consideration (assuming the least favourable non-default scenario)¹⁷ to be \$3.86 based on a net present value calculation applying an assessed rate of return discount.

While this is below the value of the Cash Consideration, it is still within the Independent Expert's assessed range of the fair market value of an iProperty Share, on a controlling basis, being \$3.59 to \$4.54.

iProperty Shareholders should also be aware that the Independent Expert has not considered, and has not provided any opinion as to, whether the Hurdles which will influence the price at which B-Class Rollco Shares are sold under a Put Option or Call Option are likely to be met (having only valued the minimum value of the Mixed Consideration).

The reasons why the Independent Expert reached this conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure 3.

(i) B-Class Rollco Shares have very different features (including rights and obligations) compared to iProperty Shares

In addition to the matters above, iProperty Shareholders who are considering electing to receive the Mixed Consideration should be aware that:

- as their shareholding will be in Rollco, not iProperty, B-Class Rollco Shareholders will not have a right to vote at meetings of iProperty Shareholders. B-Class Rollco Shareholders will have a right to vote at meetings of shareholders of Rollco, and Rollco will in turn have the ability to vote at meetings of shareholders of Bidco and appoint directors to Bidco (on the basis described in sections 6.5 and 7.2 of this Scheme Booklet);
- if an iProperty Shareholder who holds a large shareholding in iProperty chooses the Mixed Consideration, that iProperty Shareholder may obtain control of Rollco and be able to control Rollco's decisions in relation to the affairs of Bidco;

¹⁷ The Independent Expert has based its assessment on the scenario where B-Class Rollco Shareholders receive no cash in FY17 and \$4.28 for each B-Class Rollco Share in FY18 (which the Independent Expert considers to be the least favourable scenario for B-Class Rollco Shareholders except for the scenario where B-Class Rollco Shares are acquired at \$4.00 as a result of an event of default). See the Independent Expert's Report, a copy of which is included in Annexure 3, for further details.

- as described above, Rollco will have a maximum interest of 20% in Bidco (and therefore a maximum indirect interest of 20% in iProperty);
- under the terms of the Rollco Constitution, holders of 5% or more of the B-Class Rollco Shares may be required to provide a non-compete undertaking in favour of Bidco. For further information in relation to this see section 6.5 of this Scheme Booklet;
- subject to the effect of the put and call options in place over B-Class Rollco Shares (which will limit both positive and negative returns on B-Class Rollco Shares) the value of the B-Class Rollco Shares will be subject to the risks set out in section 9 of this Scheme Booklet, which may reduce the value of B-Class Rollco Shares should any risk eventuate;
- realestate.com.au will at all times hold the Call Options over all B-Class Rollco Shares, the exercise price of which will vary depending on the time at which the relevant Call Option is exercised and the financial performance of iProperty. The effect of the call option is that the interest of holders of B-Class Rollco Shares in Rollco will cease in the first half of the 2018 calendar year.¹⁸ For further information, see section 6.4(c) of this Scheme Booklet; and
- there are tax consequences involved with receiving the Mixed Consideration, as noted in the Tax Adviser's Report attached as Annexure 1.

(j) **How to make a Mixed Consideration Election**

To make a Mixed Consideration Election, iProperty Shareholders must contact the iProperty Shareholder Information Line on 1300 721 637 (from within Australia) or +61 2 8016 2890 (from outside Australia) Monday to Friday between 8:30am to 5:30pm (Sydney time) and request a Mixed Consideration Election Form. iProperty Shareholders should then complete and return the Mixed Consideration Election Form in accordance with the instructions on that form.

The deadline for receipt of Mixed Consideration Election Forms by the iProperty Share Registry is the Election Time, being 5.00pm on the day which is two Business Days prior to the Second Court Date (such deadline currently being 29 January 2016).

For more information, see section 3.4(c) of this Scheme Booklet.

1.5 Other factors to consider

(a) **The Scheme may be implemented even if you vote against the Scheme or you do not vote at all**

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of iProperty Shareholders and the Court. If this occurs, your iProperty Shares will be transferred to Bidco and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

(b) **Implications for iProperty if the Scheme is not implemented**

If the Scheme is not implemented, iProperty Shareholders will not receive the Scheme Consideration.

If the Scheme is not approved or all Conditions Precedent are not satisfied or waived (as applicable), the Scheme will not proceed. iProperty Shareholders will not receive the Scheme Consideration and iProperty will continue to operate as it does currently and will remain listed on the ASX.

¹⁸ Except in limited circumstances where there is a dispute between Rollco and realestate.com.au as to the exercise price of put or call options or a delay in issue of Bidco's financial accounts for FY17, in which case the B-Class Rollco Shareholders may retain their interest into the second half of calendar year 2018.

If the Scheme is not implemented, the advantages of the Scheme as outlined in section 1.1 of this Scheme Booklet, "Reasons to vote in favour of the Scheme", will not be realised.

iProperty has incurred significant costs in respect of the Scheme. These costs include those incurred to conduct negotiations with REA, retention of advisers, provision of information to REA, facilitating REA's access to due diligence, engagement of the Independent Expert and preparation of this Scheme Booklet. If the Scheme is not implemented, then the iProperty Independent Directors expect that iProperty will incur total costs relating to the Scheme of approximately \$5.7 million (exclusive of GST) – this assumes no break fee is payable by iProperty to realestate.com.au (see section 11.1(e) of this Scheme Booklet for more information as to when such a break fee may be payable). If the Scheme is implemented, the iProperty Independent Directors expect that iProperty will incur total costs relating to the Scheme of approximately \$9.9 million (exclusive of GST).

If the Scheme is not implemented and no Superior Proposal emerges which completes, the iProperty Independent Directors expect that, in light of the transaction costs incurred or to be incurred in connection with the Scheme, iProperty will likely need to raise additional cash to fund its working capital needs. In that scenario, the iProperty Independent Directors intend to explore all options to raise such cash at the relevant time including by way of equity or debt funding.

(c) Conditionality of the Scheme

The implementation of the Scheme is subject to a number of Conditions Precedent and a Condition Subsequent which are summarised in section 3.9 and section 11.1 of this Scheme Booklet and set out in clause 3 of the Scheme Implementation Deed (a copy of which is set out in Annexure 4) and clause 4.3 of the Scheme (a copy of which is set out in Annexure 5).

If the Conditions Precedent are not satisfied or waived (as applicable), or the Condition Subsequent is breached, the Scheme will not be implemented and iProperty Shareholders will not receive the Scheme Consideration.

(d) Warranty by Scheme Shareholders about their iProperty Shares and no encumbrances over Scheme Shares

Each Scheme Shareholder is deemed to have warranted to iProperty and Bidco that all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of the transfer of them to Bidco, be fully paid and free from all encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.

In addition, the Scheme provides that, to the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under the Scheme to Bidco will, at the time of transfer of them to Bidco vest in Bidco free of all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

(e) Exclusivity

Outside of the 20 day non-exclusivity period after the date of the Scheme Implementation Deed, iProperty and realestate.com.au have entered into certain arrangements which restrict the ability of iProperty to enter into discussions with potential rival bidders (subject to various exceptions) and require iProperty to notify realestate.com.au of certain rival proposals, if they arise.

(f) Break fees

iProperty and realestate.com.au have agreed a customary break fee regime under which iProperty or realestate.com.au (as the case may be) will be liable to pay the other a break fee if certain events occur (such events are set out in clauses 9 and 10 of the Scheme Implementation Deed – see Annexure 4).

The break fee payable by either iProperty or realestate.com.au (as the case may be) is \$7.5 million (excluding GST).

2 Frequently asked questions

This section 2 answers some frequently asked questions about the Scheme. It is not intended to address all relevant issues for iProperty Shareholders. This section 2 should be read together with all other parts of this Scheme Booklet.

Question	Answer	More information
The Scheme and the Scheme Consideration		
What is the Scheme?	<p>The Scheme is a scheme of arrangement between iProperty and the Scheme Shareholders.</p> <p>If the Scheme becomes Effective, Bidco (a Subsidiary of REA) will acquire all of the Scheme Shares for the Scheme Consideration. iProperty will be delisted from the ASX and become a wholly owned Subsidiary of Bidco.</p>	<p>Section 3 of this Scheme Booklet contains a summary of the Scheme and a copy of the Scheme is contained in Annexure 5.</p>
What is the Scheme Consideration?	<p>iProperty Shareholders at the Scheme Record Date, other than Excluded Shareholders, will receive the Cash Consideration, comprising \$4.00 for each iProperty Share held by them on that date.</p> <p>Alternatively, iProperty Shareholders (other than Ineligible Foreign Shareholders and Excluded Shareholders) may elect to receive Mixed Consideration, comprising \$1.20 cash and 0.7 B-Class Rollco Shares, for each iProperty Share held by them on the Scheme Record Date subject to a Scale Back if the total number of B-Class Rollco Shares to be issued to Scheme Shareholders (if there were no Scale Back) who make a valid Mixed Consideration Election exceeds 37,539,983 B-Class Rollco Shares.</p> <p>If this threshold is exceeded, then there will be a pro rata Scale Back on the number of B-Class Rollco Shares to be issued for each Scheme Share. If there is such a Scale Back, Scheme Shareholders will receive cash for the number of B-Class Rollco Shares subject to the Scale Back, with such cash amount being calculated on the basis that one B-Class Rollco Share is equivalent to \$4.00 cash.</p>	<p>For more information, please refer to sections 3.2, 3.3 and 3.4 of this Scheme Booklet.</p>
What are B-Class Rollco Shares issued as part of the Mixed Consideration?	<p>The B-Class Rollco Shares issued as part of the Mixed Consideration are B-Class Shares (as defined in the Rollco Constitution) in Rollco, a newly incorporated unlisted Australian company which will provide B-Class Rollco Shareholders with a continuing indirect minority interest in iProperty (through holding a minority interest of between 10.7% and 20% in Bidco).</p> <p>A B-Class Rollco Share is not a share in, and does not confer an economic interest in, REA. If the Scheme is implemented, returns attributable to B-</p>	<p>For more information, please refer to sections 6, 7 and 9 of this Scheme Booklet.</p>

Question	Answer	More information
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Class Rollco Shares will be determined based on the future performance of iProperty's operations and the time of exercise of the options over the B-Class Rollco Shares. B-Class Rollco Shares will not have exposure to REA's business or operations.

As a result of Put Options and Call Options granted over B-Class Rollco Shares, the price which will be received for B-Class Rollco Shares when they are sold to realestate.com.au upon the exercise of a put or call option is limited to the range¹⁹ of \$4.14 (assuming the least favourable non default outcome)²⁰ and \$5.29 (assuming the most favourable outcome, which may not be achieved),²¹ noting that in certain limited circumstances, involving events of default by B-Class Rollco Shareholders or Rollco under the Shareholders' Deed or Rollco Constitution, B-Class Rollco Shares may be purchased by realestate.com.au at \$4.00.²² For further information in relation to this see sections 6.4(b), 6.4(c) and 6.4(f) of this Scheme Booklet.

How do I make a Mixed Consideration Election?

To make a Mixed Consideration Election, iProperty Shareholders must complete and return a Mixed Consideration Election Form in accordance with the instructions on that form.

For more information, please refer to section 3.4(c) of this Scheme Booklet.

The deadline for receipt of Mixed Consideration Election Forms by the iProperty Share Registry is the Election Time, being 5.00pm on the day which is two Business Days prior to the Second Court Date (such deadline currently being 29 January 2016).

A Mixed Consideration Election made by a Scheme Shareholder will generally be deemed to apply in respect of the Scheme Shareholder's entire registered holding of Scheme Shares at the Scheme Record Date.

Once a Mixed Consideration Election is made by a Scheme Shareholder, whether valid or not, it will be irrevocable unless realestate.com.au and iProperty agree, in their absolute discretion, to its revocation.

¹⁹ For further information see section 1.4(d) of this Scheme Booklet.

²⁰ This assumes a sale of B-Class Rollco Shares occurs during the first exercise window after Bidco's FY16 financial statements are released and that there is a failure to achieve the FY16 revenue hurdle. For further information see sections 6.4(b) and 6.4(c) of this Scheme Booklet.

²¹ This assumes a sale of B-Class Rollco Shares during the second exercise window after Bidco's FY17 financial statements are released, and achievement of the highest FY17 revenue and EBITDA hurdles, which may not occur. For further information see sections 6.4(b) and 6.4(c) of this Scheme Booklet.

²² B-Class Rollco Shares may only be purchased by realestate.com.au at \$4.00 if either Rollco commits an 'Event of Default' under the Shareholders' Deed or Rollco Constitution (in which case realestate.com.au may purchase all B-Class Rollco Shares then on issue at \$4.00) or if a B-Class Shareholder commits an 'Event of Default' under the Rollco Constitution (in which case realestate.com.au may purchase that B-Class Rollco Shareholder's B-Class Rollco Shares at \$4.00). For further information see section 6.4(f) of this Scheme Booklet.

Question	Answer	More information
<p>How can I obtain a Mixed Consideration Election Form?</p>	<p>To obtain a Mixed Consideration Election Form, iProperty Shareholders must contact the iProperty Shareholder Information Line on 1300 721 637 (from within Australia) or +61 2 8016 2890 (from outside Australia) Monday to Friday between 8:30am to 5:30pm (Sydney time) and request a Mixed Consideration Election Form.</p>	<p>For more information, please refer to section 3.4(c) of this Scheme Booklet.</p>
<p>When and how will I receive my Scheme Consideration?</p>	<p>If the Scheme becomes Effective, the Scheme Consideration will be sent to Scheme Shareholders on the Implementation Date (currently proposed to be 16 February 2016).</p> <p>Scheme Shareholders who have, before the Scheme Record Date, made a valid election to receive iProperty dividend payments by electronic funds transfer will have the cash component of the Scheme Consideration transferred directly to their bank account. Scheme Shareholders who have not done so will have the cash component of their Scheme Consideration sent by cheque to their address as shown on the iProperty Share Register.</p> <p>For those Scheme Shareholders who make a Mixed Consideration Election, the scrip component will be issued by Rollco on the Implementation Date. A share certificate or holding statement (or equivalent document) will then be sent to the Scheme Shareholder's address as shown on the iProperty Share Register.</p>	<p>For more information, please refer to section 3.5 of this Scheme Booklet and clauses 5.5 and 5.6 of the Scheme.</p>
<p>What if I am an Ineligible Foreign Shareholder?</p>	<p>Ineligible Foreign Shareholders, being iProperty Shareholders whose address shown in the iProperty Share Register on the Scheme Record Date is a place outside Australia and its external territories, New Zealand, Malaysia, the United States or Singapore are not entitled to elect to receive the Mixed Consideration and will receive the Cash Consideration for all of their Scheme Shares (unless REA determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with B-Class Rollco Shares when the Scheme becomes Effective).</p>	<p>For more information, please refer to section 3.4(e) of this Scheme Booklet.</p>
<p>Voting recommendations and considerations</p>		
<p>What do the iProperty Independent Directors recommend?</p>	<p>The iProperty Independent Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal, and subject to the Independent Exert maintaining its conclusion that the Scheme is in the best interests of iProperty Shareholders.</p> <p>The iProperty Independent Directors believe that the reasons for iProperty Shareholders (other than Excluded Shareholders) to vote in favour of the Scheme outweigh the reasons to vote against it, in</p>	<p>For more information, see the letter from the Chairman of iProperty and section 1.2(a) of this Scheme Booklet.</p>

Question	Answer	More information
	<p>the absence of a Superior Proposal. These reasons and other relevant considerations are set out in section 1 of this Scheme Booklet.</p> <p>The iProperty Independent Directors encourage you to seek independent legal, financial, taxation or other appropriate professional advice.</p>	
<p>What is the opinion of the Independent Expert?</p>	<p>The Independent Expert has concluded that the Scheme is fair and reasonable, and therefore, is in the best interests of iProperty Shareholders (other than Excluded Shareholders). You should also read the Independent Expert's Report which is contained in Annexure 3.</p>	<p>Annexure 3 contains the Independent Expert's Report.</p>
<p>Why should you vote in favour of the Scheme?</p>	<p>Reasons why you should vote in favour of the Scheme include:</p> <ul style="list-style-type: none"> • The iProperty Independent Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal, and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of iProperty Shareholders. • The Independent Expert has concluded that the Scheme is in the best interests of iProperty Shareholders (other than Excluded Shareholders). • The Scheme Consideration represents attractive value for iProperty Shareholders. • The Scheme provides consideration flexibility for iProperty Shareholders, with iProperty Shareholders (other than Ineligible Foreign Shareholders and Excluded Shareholders) able to choose a combination of cash and scrip in Rollco instead of the Cash Consideration. • Since the Announcement Date, no Competing Proposal has emerged. • You will not incur any stamp duty or brokerage charges if the Scheme proceeds. • If the Scheme does not proceed and no Superior Proposal emerges, the price of iProperty Shares may fall, and you will continue to be subject to the risks associated with owning iProperty Shares. 	<p>Section 1.1 of this Scheme Booklet contains further information on why you should vote in favour of the Scheme.</p>
<p>Why may you consider voting against the Scheme?</p>	<p>Reasons why you may consider voting against the Scheme include:</p> <ul style="list-style-type: none"> • You may disagree with the iProperty Independent Directors' unanimous recommendation or the Independent Expert's conclusion and believe that the Scheme is not 	<p>Section 1.3 of this Scheme Booklet contains further information on why you may consider voting against the Scheme.</p>

Question	Answer	More information
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in your best interests.

- You may believe that there is potential for a Superior Proposal to be made in the foreseeable future.
- You may wish to maintain your direct investment in iProperty.
- The tax consequences of the Scheme may not suit your current financial position.

Conditions to the Scheme and approval of the Scheme

Are there any conditions to the Scheme?

There are a number of Conditions Precedent and a Condition Subsequent that will need to be satisfied or waived (as applicable) before the Scheme can be implemented.

In summary, as at the date of this Scheme Booklet, the outstanding Conditions Precedent (which must be satisfied or waived (as applicable) before the Scheme can become Effective) include:

- approval of the Scheme by the Court;
- approval of the Scheme by the Requisite Majorities of iProperty Shareholders (other than Excluded Shareholders) at the Scheme Meeting;
- no court or Government Agency restraining, preventing or delaying the implementation of the Scheme;
- no Material Adverse Change occurring;
- sufficient valid Mixed Consideration Elections being received such that the Aggregate Cash Consideration payable by Bidco under the Scheme is less than or equal to \$500 million (this Condition Precedent unless waived by realestate.com.au, will be satisfied if Scheme Shareholders holding in aggregate at least 28,773,999 iProperty Shares make a valid Mixed Consideration Election); and
- no Prescribed Occurrence occurring.

In addition, the Scheme is also subject to a Condition Subsequent providing that, unless the Condition Subsequent is waived by realestate.com.au on or before the date that is 2 Business Days after the Scheme Record Date, the Scheme will be terminated if one or more iProperty Shareholders who made a valid Mixed Consideration Election:

- transfer some or all of their iProperty Shares that were the subject of that Mixed Consideration Election; or
- change their address as shown on the iProperty Share Register such that they are

Section 3.9 of this Scheme Booklet contains further information on the Conditions Precedent and Condition Subsequent.

Question	Answer	More information
	<p>Ineligible Foreign Shareholders;</p> <p>and, as a result of any such transfers or changes, the Aggregate Cash Consideration payable by Bidco under the Scheme would exceed \$500 million. If this Condition Subsequent is breached, and is not waived, the Scheme will terminate and will not be implemented.</p>	
<p>What is required for the Scheme to become Effective?</p>	<p>The Scheme will become Effective if:</p> <ul style="list-style-type: none"> the Scheme is approved by the Requisite Majorities of iProperty Shareholders at the Scheme Meeting to be held on 28 January 2016; the Court approves the Scheme at the Second Court Hearing; and all of the other Conditions Precedent are satisfied or waived (as applicable). 	<p>Section 3.12 of this Scheme Booklet contains further information on the Scheme approval requirements.</p>
<p>When and where will the Scheme Meeting be held?</p>	<p>The Scheme Meeting will be held on 28 January 2016 at the Radisson Blu Hotel, 27 O'Connell Street, Sydney, New South Wales, Australia commencing at 10:00am (Sydney time).</p>	<p>The Notice of Scheme Meeting contained in Annexure 9 contains further information on the Scheme Meeting.</p>
<p>What will iProperty Shareholders be asked to vote on at the Scheme Meeting?</p>	<p>At the Scheme Meeting, iProperty Shareholders will be asked to vote on whether to approve the Scheme.</p>	<p>The Scheme Resolution is set out in the Notice of Scheme Meeting contained in Annexure 9.</p>
<p>What is the iProperty Shareholder approval threshold for the Scheme?</p>	<p>In order to become Effective, the Scheme must be approved by the Requisite Majorities, being:</p> <ul style="list-style-type: none"> a majority in number (more than 50%) of iProperty Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person or by proxy);²³ and at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by iProperty Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person or by proxy). <p>REA Austin (being, as at the date of this Scheme Booklet, the only Excluded Shareholder) has confirmed to iProperty that it will not vote its</p>	<p>Section 3.12 contains further information on the Scheme approval requirements.</p>

²³

It should be noted that the Court has the power to waive this requirement.

Question	Answer	More information
	<p>iProperty Shares at the Scheme Meeting.</p> <p>Even if the Scheme is approved by the Requisite Majorities of iProperty Shareholders at the Scheme Meeting, the Scheme is still subject to the approval of the Court.</p>	
<p>Am I entitled to vote at the Scheme Meeting?</p>	<p>If you are registered as an iProperty Shareholder on the iProperty Share Register at 7:00pm (Sydney time) on 26 January 2016, you will be entitled to attend and vote at the Scheme Meeting.</p> <p>iProperty Shares held by Excluded Shareholders will not be voted on at the Scheme Meeting.</p>	<p>The Notice of Scheme Meeting contained in Annexure 9 sets out further information on your entitlement to vote.</p>
<p>How can I vote if I can't attend the Scheme Meeting?</p>	<p>If you would like to vote but cannot attend the Scheme Meeting in person, you can vote by appointing a proxy or attorney (including by lodging your proxy online at www.votingonline.com.au/ipgscheme) to attend and vote on your behalf. You may also vote by corporate representative if that option is applicable to you.</p>	<p>The Notice of Scheme Meeting contained in Annexure 9 sets out further details on how to vote at the Scheme Meeting.</p>
<p>When will the results of the Scheme Meeting be known?</p>	<p>The results of the Scheme Meeting are expected to be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX (www.asx.com.au) once available.</p>	
<p>What happens if the Court does not approve the Scheme or the Scheme does not otherwise proceed?</p>	<p>If the Scheme is not approved at the Scheme Meeting, or if it is approved at the Scheme Meeting but is not approved by the Court or a Condition Precedent is not fulfilled or otherwise waived (as applicable), then the Scheme will not become Effective and will not be implemented.</p> <p>If the Condition Subsequent is breached the Scheme will not be implemented.</p> <p>If the Scheme does not become Effective or is not implemented, the iProperty Group will continue to operate as a standalone group listed on the ASX.</p> <p>In that scenario, iProperty Shareholders will not receive the Scheme Consideration but will retain their iProperty Shares.</p> <p>Depending on the reason for the Scheme not proceeding, iProperty may be liable to pay a break fee to realestate.com.au of \$7.5 million (excluding GST). No break fee would be payable, however, if the Scheme does not proceed for the sole reason that iProperty Shareholders do not pass the Scheme Resolution at the Scheme Meeting.</p>	<p>Section 3.10 of this Scheme Booklet contains further information on the implications for iProperty Shareholders if the Scheme does not proceed.</p>

Question	Answer	More information
What happens to my iProperty Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes Effective and is implemented?	If you do not vote, or vote against the Scheme, and the Scheme becomes Effective and is implemented, any Scheme Shares held by you on the Scheme Record Date (currently expected to be 7:00pm on 9 February 2016) will be transferred to Bidco and you will be sent the Scheme Consideration, despite not having voted or having voted against the Scheme.	
When will the Scheme become Effective and when will it be implemented?	Subject to satisfaction or waiver (as applicable) of the Conditions Precedent, the Scheme will become Effective on the Effective Date (currently expected to be 2 February 2016) and will, subject to the Condition Subsequent, be implemented on the Implementation Date (currently expected to be 16 February 2016).	Section 3.12 of this Scheme Booklet contains further information on when the Scheme will become Effective and when it will be implemented.
Other questions		
What happens if a Competing Proposal is received?	If a Competing Proposal is received, the iProperty Independent Directors will carefully consider it. iProperty must notify realestate.com.au of that Competing Proposal in accordance with the Scheme Implementation Deed.	Clause 8 of the Scheme Implementation Deed details iProperty's obligation to notify REA of a Competing Proposal.
Can I sell my iProperty Shares now?	You can sell your iProperty Shares on market at any time before the close of trading on the ASX on the Effective Date at the then prevailing market price (which may vary from the Scheme Consideration). iProperty intends to apply to ASX for iProperty Shares to be suspended from trading on the ASX from close of trading on the Effective Date. You will not be able to sell your iProperty Shares on market after this date. If you sell your iProperty Shares on the ASX, you may pay brokerage on the sale, you will not receive the Scheme Consideration and there may be different tax consequences compared to those that would arise if you retain those shares until the Scheme is implemented.	Section 3.11 of this Scheme Booklet contains a summary of the choices available to iProperty Shareholders.
Will I have to pay brokerage or stamp duty?	You will not have to pay brokerage or stamp duty on the transfer of your iProperty Shares under the Scheme.	

Question	Answer	More information
<p>What are the taxation implications of the Scheme?</p>	<p>The taxation implications of the Scheme will depend on your personal circumstances.</p> <p>Annexure 1 contains the Tax Adviser's Report which provides an overview of the Australian taxation consequences for Scheme Shareholders.</p> <p>You should seek professional taxation advice with respect to your individual tax situation.</p>	<p>See the Tax Adviser's Report in Annexure 1.</p>
<p>Where can I get further information?</p>	<p>For further information or to request a Mixed Consideration Election Form, you can call the iProperty Shareholder Information Line on 1300 721 637 (from within Australia) or +61 2 8016 2890 (from outside Australia) Monday to Friday between 8:30am to 5:30pm (Sydney time).</p> <p>If you are in doubt about anything in this Scheme Booklet, please contact your financial, legal, taxation or other professional adviser.</p>	

3 Overview of the Transaction

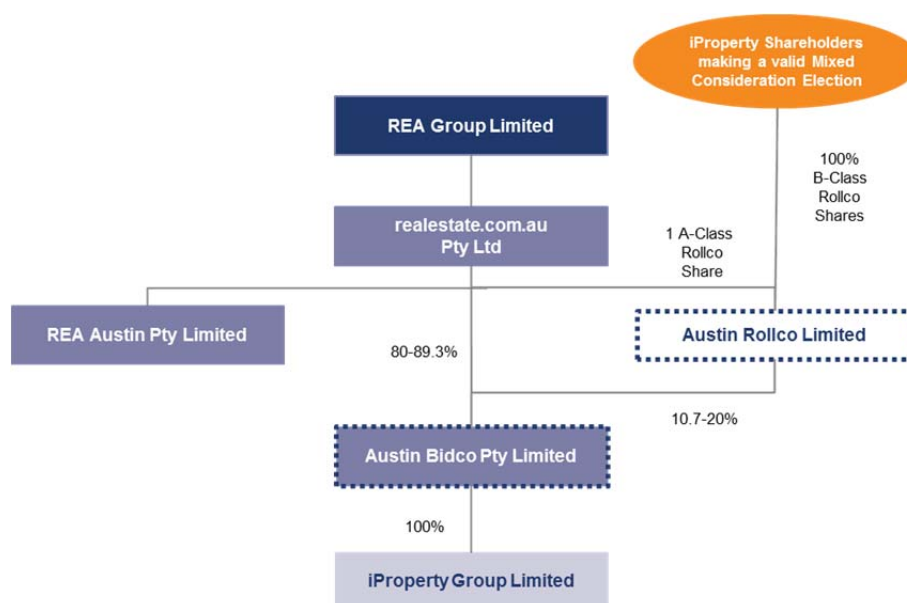
3.1 Background

On 2 November 2015, iProperty announced that it had entered into the Scheme Implementation Deed with REA and realestate.com.au, in relation to the acquisition, by way of a scheme of arrangement under Part 5.1 of the Corporations Act, of all of the iProperty Shares (which are not already owned by a member of the REA Group) by Bidco, a wholly owned Subsidiary of REA.

A brief summary of the Scheme Implementation Deed is included in section 11.1 of this Scheme Booklet and a copy of the Scheme Implementation Deed is attached as Annexure 4. This section 3 contains an overview of the Scheme.

If the Scheme becomes Effective, and is implemented, iProperty will be delisted from the ASX and become a wholly owned Subsidiary of Bidco.

The following diagram shows the proposed ownership structure of iProperty following implementation of the Scheme.



3.2 Overview of Scheme Consideration

If the Scheme becomes Effective, and is implemented, each iProperty Shareholder (other than Excluded Shareholders) registered in the iProperty Share Register as at the Scheme Record Date will receive the Scheme Consideration, being either:

- the Cash Consideration of \$4.00 per iProperty Share, as described in section 3.3 of this Scheme Booklet; or
- if the Scheme Shareholder has made a valid Mixed Consideration Election, the Mixed Consideration as described in section 3.4 of this Scheme Booklet.

3.3 Cash Consideration

The Cash Consideration is \$4.00 per iProperty Share. This is the default Scheme Consideration and iProperty Shareholders must not complete a Mixed Consideration Election Form if they wish to receive the Cash Consideration.

In addition, a Scheme Shareholder who:

- does not make a valid Mixed Consideration Election before the Election Time;

- is an Ineligible Foreign Shareholder; or
- acquires Scheme Shares after the Election Time,

will, subject to iProperty and realestate.com.au agreeing otherwise, receive the Cash Consideration for their Scheme Shares.

3.4 Mixed Consideration

(a) Overview of the Mixed Consideration and the Scale Back

If a Scheme Shareholder makes a valid Mixed Consideration Election, the Scheme Shareholder will be entitled to receive the Mixed Consideration, being \$1.20 cash and 0.7 B-Class Rollco Shares for each iProperty Share held by that Scheme Shareholder on the Scheme Record Date, unless the Mixed Consideration is subject to a Scale Back.

As set out in the Scheme, the Mixed Consideration will be subject to a Scale Back if the number of B-Class Rollco Shares, determined by multiplying the Mixed Scrip Consideration (being 0.7 B-Class Rollco Shares) by the total number of Scheme Shares held by all Scheme Shareholders who make a valid Mixed Consideration Election, exceeds the Maximum Scrip Consideration (being 37,539,983 B-Class Rollco Shares). If a Scale Back applies to Scheme Shareholders who made a valid Mixed Consideration Election, then those Scheme Shareholders will receive, for each Scheme Share they hold:

- a number of B-Class Rollco Shares (**X**) per Scheme Share calculated as follows (which shall include any fraction of a B-Class Rollco Share arising from the calculation):

$$X = \frac{A}{B}$$

Where:

A = Maximum Scrip Consideration; and

B = the total number of Scheme Shares held at the Scheme Record Date by all Scheme Shareholders who validly make a Mixed Consideration Election; and

- an amount of cash per Scheme Share (**A**) calculated as follows:

$$A = ((W-X) \times Y) + Z$$

Where:

W = Mixed Scrip Consideration (being 0.7 B-Class Rollco Shares per Scheme Share);

X = the number of B-Class Rollco Shares per Scheme Share which Scheme Shareholders who are subject to the Scale Back will be entitled to receive, as determined in accordance with the preceding bullet point;

Y = Cash Consideration (being \$4.00 per Scheme Share); and

Z = Mixed Cash Consideration (being \$1.20 per Scheme Share).

The following table sets out Rollco's shareholding in Bidco and the Mixed Cash Consideration (as adjusted by the Scale Back) and Mixed Scrip Consideration (as adjusted by the Scale Back) that Scheme Shareholders will receive per Scheme Share under a number of scenarios, depending on the proportion of Scheme Shares that are subject to a valid Mixed Consideration Election:

Scheme Shares subject to Mixed Consideration Elections	Percentage of iProperty Shares subject to a valid Mixed Consideration Election	Mixed Consideration per Scheme Share (as adjusted for any Scale Back)		Bidco Shares issued to Rollco	Bidco total shares on issue	Rollco's shareholding in Bidco
		Mixed Cash Consideration	Mixed Scrip Consideration			
145.1m (maximum ²⁴)	77.3%	\$2.965	0.259 B-Class Rollco Shares	37.5m	187.7m	20.0%
131.4m	70.0%	\$2.857	0.286 B-Class Rollco Shares	37.5m	187.7m	20.0%
112.6m	60.0%	\$2.667	0.333 B-Class Rollco Shares	37.5m	187.7m	20.0%
93.8m	50.0%	\$2.400	0.400 B-Class Rollco Shares	37.5m	187.7m	20.0%
75.1m	40.0%	\$2.000	0.500 B-Class Rollco Shares	37.5m	187.7m	20.0%
56.3m	30.0%	\$1.333	0.667 B-Class Rollco Shares	37.5m	187.7m	20.0%
53.6m	28.6%	\$1.200	0.700 B-Class Rollco Shares	37.5m	187.7m	20.0%
37.5m	20.0%	\$1.200	0.700 B-Class Rollco Shares	26.3m	187.7m	14.0%
28.8m	15.3%	\$1.200	0.700 B-Class Rollco Shares	20.1m	187.7m	10.7%
18.8m	10.0%	As result of the Maximum Cash Consideration condition, at least approximately 19.8% of iProperty Shares excluding iProperty Shares held by Excluded Shareholders must be subject to a valid Mixed Consideration Election for the Scheme to proceed (see section 3.9(a) of this Scheme Booklet for details).				
Nil	0.0%					

(b) B-Class Rollco Shares issued as part of the Mixed Consideration

The B-Class Rollco Shares issued as part of the Mixed Consideration are B-Class Shares (as defined in the Rollco Constitution) in Rollco, a newly incorporated unlisted Australian company which will provide B-Class Rollco Shareholders with a continuing indirect minority interest in iProperty (through holding a minority interest of between 10.7% and 20% in Bidco) until no later than the first half of the 2018 calendar year.²⁵

It is important to note that a B-Class Rollco Share is not a share in REA and, if Scheme Shareholders make a valid Mixed Consideration Election, they will not have any direct or indirect equity or economic interest in REA's business or operations. If the Scheme is implemented, returns attributable to B-Class Rollco Shares will be determined based on,

²⁴ Maximum based on total number of Scheme Shares (i.e. excludes iProperty Shares held by the Excluded Shareholder).

²⁵ Except in limited circumstances where there is a dispute between Rollco and realestate.com.au as to the exercise price of put or call options or a delay in issue of Bidco's financial accounts for FY17, in which case the B-Class Rollco Shareholders may retain their interest into the second half of calendar year 2018.

amongst other things, the future performance of iProperty's operations and the time of exercise of the options over the B-Class Rollco Shares.

For more information, please refer to sections 6, 7 and 9 of this Scheme Booklet.

(c) How to make a Mixed Consideration Election

iProperty Shareholders (other than Excluded Shareholders and Ineligible Foreign Shareholders) may make a Mixed Consideration Election for all of their Scheme Shares.

To make a Mixed Consideration Election, iProperty Shareholders must contact the iProperty Shareholder Information Line on 1300 721 637 (from within Australia) or +61 2 8016 2890 (from outside Australia) Monday to Friday between 8:30am to 5:30pm (Sydney time) and request a Mixed Consideration Election Form. iProperty Shareholders should then complete and return the Mixed Consideration Election Form in accordance with the instructions on that form.

If an iProperty Shareholder wishes to receive the Cash Consideration they must not complete a Mixed Consideration Election Form.

The deadline for receipt of Mixed Consideration Election Forms by the iProperty Share Registry is the Election Time, being 5.00pm on the day which is two Business Days prior to the Second Court Date (such deadline currently being 29 January 2016).

A Mixed Consideration Election made by a Scheme Shareholder will be deemed to apply in respect of the Scheme Shareholder's entire registered holding of Scheme Shares at the Scheme Record Date. However, a Scheme Shareholder who is noted on the iProperty Share Register as holding one or more parcels of iProperty Shares as trustee or nominee for another person may, subject to it providing to realestate.com.au and iProperty any substantiating information they reasonably require, make a Mixed Consideration Election to receive the Mixed Consideration for all of their Scheme Shares in relation to any of those parcels of Scheme Shares. Any such Mixed Consideration Election in respect of any such parcel will not be taken to extend to the other parcels.

Once a Mixed Consideration Election is made by a Scheme Shareholder, whether valid or not, it will be irrevocable unless realestate.com.au and iProperty agree, in their absolute discretion, to its revocation.

(d) Fractional entitlements and splitting

Where the calculation of B-Class Rollco Shares to be issued, or cash amount to be paid, to a particular Scheme Shareholder would result in their becoming entitled to a fraction of a B-Class Rollco Share, or a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole number of B-Class Rollco Shares or the nearest whole cent, but only after applying their entitlement (prior to rounding) to their entire holding of Scheme Shares.

(e) Ineligible Foreign Shareholders

Rollco will be under no obligation to issue any B-Class Rollco Shares to any Ineligible Foreign Shareholder and will instead pay Cash Consideration to each of them.

3.5 Provision of Scheme Consideration

(a) Provision of the Cash Consideration and cash component of the Mixed Consideration

The Cash Consideration and cash component of the Mixed Consideration will be sent to Scheme Shareholders on the Implementation Date. Scheme Shareholders who have validly registered their bank account details with the iProperty Share Registry may have their Cash Consideration or the cash component of the Mixed Consideration sent directly to their bank account. Otherwise, Scheme Shareholders will have their Cash Consideration or the cash component of the Mixed Consideration sent by cheque to the address shown on the iProperty Share Register.

(b) **Provision of the scrip component of the Mixed Consideration**

On the Implementation Date, Rollco is required to issue the B-Class Rollco Shares to each Scheme Shareholder who makes a valid Mixed Consideration Election and procure that their name and address is entered in the Rollco Register in respect of those B-Class Rollco Shares.

Rollco is also required to procure that on or before the date that is two Business Days after the Implementation Date, a share certificate or holding statement (or equivalent document) is sent to the address shown on the iProperty Share Register representing the number of B-Class Rollco Shares issued to that Scheme Shareholder pursuant to the Scheme.

3.6 Other implementation steps

Subject to the Scheme becoming Effective, pursuant to the Scheme and Deed Poll, certain members of the REA Group have agreed to undertake or procure the undertaking of the following additional implementation steps:

(a) **Transfer of REA Austin's iProperty Shares to Bidco**

As at the date of this Scheme Booklet, REA Austin, a wholly owned Subsidiary of REA, holds 42,558,118 iProperty Shares.

Prior to any B-Class Rollco Shares being issued to Scheme Shareholders, as described in section 3.5(b) of this Scheme Booklet, REA Austin, Bidco and realestate.com.au must enter into and complete the Share Sale Deed (which Share Sale Deed must not be amended without iProperty's consent) under which Bidco will acquire all the iProperty Shares held by REA Austin in consideration for Bidco issuing to realestate.com.au 42,558,118 fully paid ordinary shares in Bidco. The Share Sale Deed was entered into on 7 December 2015.

This step is intended to ensure that, following implementation of the Scheme, Bidco will own 100% of the iProperty Shares.

For further details, please refer to clause 9.1 of the Scheme and Attachment 2 of the Scheme which contains a copy of the Share Sale Deed.

(b) **Adoption of Bidco Constitution, Rollco Constitution and entry into Shareholders' Deed**

Prior to any B-Class Rollco Shares being issued to Scheme Shareholders, as described in section 3.5(b) of this Scheme Booklet:

- Rollco must adopt the Rollco Constitution as its constitution and must ensure that the Rollco Constitution remains the constitution of Rollco and is not amended without the consent of iProperty – see further details in section 6 of this Scheme Booklet, this occurred on 7 December 2015;
- Bidco must adopt the Bidco Constitution as its constitution and must ensure that the Bidco Constitution remains the constitution of Bidco and is not amended without the consent of iProperty – see further details in section 7 of this Scheme Booklet, this occurred on 5 November 2015; and
- each of REA, realestate.com.au, Rollco and Bidco must enter into the Shareholders' Deed, ensure that the Shareholders' Deed is not amended without the consent of iProperty and undertake all other actions attributed to it under the Shareholders' Deed – see further details in section 7 of this Scheme Booklet, this occurred on 7 December 2015.

For further details, please refer to clauses 9.2, 9.3 and 9.4 of the Scheme.

(c) **Total number of shares in Bidco and the allotment and issuance of shares in Bidco to Rollco**

Prior to any B-Class Rollco Shares being issued to Scheme Shareholders, as described in section 3.5(b) of this Scheme Booklet, Bidco must allot and issue to Rollco such

number of Bidco Shares equal to the total number of B-Class Rollco Shares to be issued to Scheme Shareholders as part of the Mixed Consideration.

Bidco must also ensure that immediately before the issue of any B-Class Rollco Shares to Scheme Shareholders under the Scheme, the maximum number of Bidco Shares on issue is 187,699,917 (which number of shares replicates the total number of iProperty Shares currently on issue), held as follows:

- Rollco holding such number of Bidco Shares equal to the total number of B-Class Rollco Shares to be issued to Scheme Shareholders as part of the Mixed Consideration; and
- realestate.com.au holding the balance of the Bidco Shares.

As a result of the Scale Back mechanism described in section 3.4(a) of this Scheme Booklet, the maximum aggregate number of B-Class Rollco Shares that can be issued to Scheme Shareholders under the Scheme is 37,539,983 B-Class Rollco Shares. Accordingly, the maximum number of Bidco Shares that will be issued by Bidco to Rollco is 37,539,983 and the maximum percentage of Bidco Shares held by Rollco will be approximately 20%.

As a result of the Maximum Cash Consideration Condition Precedent described in section 3.9(a) of this Scheme Booklet, unless that Condition Precedent is waived, if the Scheme is implemented, the minimum number of B-Class Rollco Shares that will be issued to Scheme Shareholders under the Scheme is 20,141,799. Accordingly the minimum number of Bidco Shares that will be issued by Bidco to Rollco is 20,141,799 and the minimum percentage of Bidco Shares held by Rollco will be approximately 10.7%.

For further details please refer to clauses 9.5 and 9.6 of the Scheme and sections 6 and 7 of this Scheme Booklet.

(d) **Shares in Rollco**

Rollco is obliged to ensure that, immediately before the issue of any B-Class Rollco Shares to Scheme Shareholders, the only security on issue in Rollco is one fully paid A-Class Rollco Share²⁶ held by realestate.com.au and that Rollco has not issued or agreed to issue any other shares or securities or rights that may convert into shares or other securities, other than the issue of the B-Class Rollco Shares under the Scheme. For further details please refer to clause 9.7 of the Scheme and section 6 of this Scheme Booklet.

3.7 iProperty Independent Directors' unanimous recommendation

The iProperty Independent Directors have assessed the merits of the Scheme and unanimously recommend that you vote in favour of the Scheme at the Scheme Meeting to be held on 28 January 2016, in the absence of a Superior Proposal, and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of iProperty Shareholders.

3.8 Independent Expert's conclusions

The iProperty Independent Directors appointed Deloitte as an Independent Expert to review the Scheme and opine on whether the Scheme is fair and reasonable and in the best interests of iProperty Shareholders.

Deloitte assessed the fair market value of an iProperty Share, on a controlling basis, to be in the range of \$3.59 to \$4.54 per iProperty Share. As both the Cash Consideration and the estimated minimum value of the consideration offered under the Mixed Consideration (see further details below) is within the Independent Expert's assessed valuation range for iProperty Shares, the Independent Expert has concluded that the Scheme is fair and reasonable, and therefore is in the best interests of iProperty Shareholders (other than Excluded Shareholders).

²⁶ See section 6.6 of this Scheme Booklet for a summary of the rights attached to the A-Class Rollco Share.

The Independent Expert has assessed the minimum value of the Mixed Consideration (assuming the least favourable non-default scenario)²⁷ to be \$3.86 based on a net present value calculation applying an assessed rate of return discount. iProperty Shareholders should also be aware that the Independent Expert has not considered, and has not provided any opinion as to, whether the Hurdles in relation to the B-Class Rollco Shares are likely to be met (having only valued the minimum value of the Mixed Consideration).

The reasons why the Independent Expert reached this conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure 3. The iProperty Independent Directors encourage iProperty Shareholders to read the Independent Expert's Report in full before deciding whether to vote in favour of the Scheme.

3.9 Conditions to the Scheme

(a) Conditions Precedent

The implementation of the Scheme is still subject to a number of Conditions Precedent, including:

- approval of the Scheme by the Court;
- approval of the Scheme by the Requisite Majorities of iProperty Shareholders (other than Excluded Shareholders) at the Scheme Meeting;
- no court or Government Agency restraining, preventing or delaying the implementation of the Scheme;
- no Material Adverse Change occurring;
- sufficient valid Mixed Consideration Elections being received such that the Aggregate Cash Consideration payable to Scheme Shareholders is less than or equal to \$500 million (this Condition Precedent, unless waived by realestate.com.au, will be satisfied if Scheme Shareholders holding in aggregate at least 28,773,999 iProperty Shares make a valid Mixed Consideration Election) (**Maximum Cash Condition Precedent**); and
- no Prescribed Occurrence occurring.

The Conditions Precedent are set out in full in clause 3.1 of the Scheme Implementation Deed, a copy of which is attached as Annexure 4.

The Scheme will not proceed unless all the Conditions Precedent are satisfied or waived (as applicable) in accordance with the Scheme Implementation Deed.

As mentioned above, Catcha Group, who holds 31,349,014 iProperty Shares has advised iProperty that its intention is to elect to receive the Mixed Consideration. Accordingly, the iProperty Independent Directors are satisfied that there is a reasonable basis to expect that the Maximum Cash Condition Precedent will be satisfied.

In addition, as at the Last Practicable Date, none of the iProperty Independent Directors are aware of any circumstances which would cause any Condition Precedent not to be satisfied.

(b) Condition Subsequent

The implementation of the Scheme is also subject to a Condition Subsequent providing that, unless a breach of the Condition Subsequent is waived by realestate.com.au on or before the date that is 2 Business Days after the Scheme Record Date, the Scheme will be terminated if one or more iProperty Shareholders who made a valid Mixed Consideration Election:

²⁷

The Independent Expert has based its assessment on the scenario where B-Class Rollco Shareholders receive no cash in FY17 and \$4.28 for each B-Class Rollco Share in FY18 (which the Independent Expert considers to be the least favourable scenario for B-Class Rollco Shareholders except for the scenario where B-Class Rollco Shares are acquired at \$4.00 as a result of an event of default). See the Independent Expert's Report, a copy of which is included in Annexure 3, for further details.

- transfer some or all of their iProperty Shares that were the subject of that Mixed Consideration Election; or
- change their address as shown on the iProperty Share Register such that they are Ineligible Foreign Shareholders,

and, as a result of such transfers or changes, the Aggregate Cash Consideration payable by Bidco under the Scheme would exceed \$500 million. If this Condition Subsequent is breached, and such breach is not waived, the Scheme will terminate and will not be implemented.

Catcha Group, which holds 31,349,014 iProperty Shares, has advised iProperty that its intention is:

- to elect to receive the Mixed Consideration;
- to not transfer to any third party any of its iProperty Shares on or before 16 February 2016 (being the proposed Implementation Date); and
- to not change its address as shown on the iProperty Share Register on or before the 16 February 2016 (being the proposed Implementation Date) such that it becomes an Ineligible Foreign Shareholder,

in each case, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of iProperty Shareholders (other than members of the REA Group).

Accordingly, the iProperty Independent Directors are satisfied that there is a reasonable basis to expect that the Condition Subsequent will not be breached.

3.10 Implications if Scheme does not proceed

If the Scheme is not implemented:

- iProperty Shareholders will continue to hold iProperty Shares and will be exposed to general risks as well as risks specific to iProperty and / or the industries in which it operates, including those set out in section 9.2 of this Scheme Booklet;
- iProperty Shareholders will not receive the Scheme Consideration;
- a break fee of \$7.5 million (excluding GST) may be payable by iProperty to realestate.com.au under certain circumstances. Those circumstances will not include the failure by iProperty Shareholders to pass the Scheme Resolution at the Scheme Meeting.

In the absence of a Superior Proposal, iProperty will continue as an ASX-listed entity with management continuing to implement the business plan and financial and operating strategies it had in place prior to the Announcement Date.

Prior to the Scheme Meeting, costs will have been incurred, or committed to, by iProperty in relation to the Scheme. Those costs will be payable by iProperty regardless of whether or not the Scheme becomes Effective and is implemented. If the Scheme is not implemented, then the iProperty Independent Directors expect that iProperty will incur total costs relating to the Scheme of approximately \$5.7 million (exclusive of GST) – this assumes no break fee is payable by iProperty to realestate.com.au (see section 11.1(e) of this Scheme Booklet for more information as to when such a break fee may be payable). If the Scheme is implemented, the iProperty Independent Directors expect that iProperty will incur total costs relating to the Scheme of approximately \$9.9 million (exclusive of GST).

The iProperty Independent Directors are of the opinion that if the Scheme does not proceed, the price of an iProperty Share on the ASX is likely to fall, in the absence of a Superior Proposal.

3.11 Your choices as an iProperty Shareholder

As an iProperty Shareholder, you have four choices currently available to you, which are as follows:

Vote in favour of the Scheme **This is the course of action unanimously recommended by the iProperty Independent Directors, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of iProperty Shareholders.**

To follow the iProperty Independent Directors' unanimous recommendation, you should vote in favour of the Scheme at the Scheme Meeting on 28 January 2016. For a summary of how to vote on the Scheme, please refer to section 3.12(b) of this Scheme Booklet, and the Notice of Scheme Meeting contained in Annexure 9.

If the Scheme is implemented, unless you made a valid Mixed Consideration Election, you will receive the Cash Consideration.

If you are not an Ineligible Foreign Shareholder or an Excluded Shareholder and you wish to receive the Mixed Consideration, you may make a Mixed Consideration Election. In order to make a Mixed Consideration Election, you should contact the iProperty Shareholder Information Line on 1300 721 637 (from within Australia) or +61 2 8016 2890 (from outside Australia) Monday to Friday between 8:30am to 5:30pm (Sydney time) and request a Mixed Consideration Election Form. You should then complete and return the Mixed Consideration Election Form in accordance with the instructions on that form. The deadline for receipt of Mixed Consideration Election Forms by the iProperty Share Registry is the Election Time, being 5.00pm (Sydney time) on the day which is two Business Days prior to the Second Court Date (such deadline currently being 29 January 2016).

Before making a Mixed Consideration Election for your Scheme Shares you should into account the matters described in sections 1.4, 6, 7, 8 and 9 of this Scheme Booklet and consult your financial adviser or accountant about whether an investment in Rollco meets their individual investment objectives.

Vote against the Scheme If, despite the iProperty Independent Directors' unanimous recommendation and the Independent Expert's conclusion that the Scheme is fair and reasonable and therefore, is in the best interests of iProperty Shareholders (other than Excluded Shareholders), you do not support the Scheme, you may vote against the Scheme at the Scheme Meeting on 28 January 2016.

However, if all the Conditions Precedent for the Scheme are satisfied or waived (as applicable) and the Scheme becomes Effective, the Scheme will bind all iProperty Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting and those who do not vote at all. In addition, if you have not made a valid Mixed Consideration Election, you will receive the Cash Consideration for your Scheme Shares.

Sell your iProperty Shares The existence of the Scheme does not preclude you from selling some or all of your iProperty Shares on market for cash, if you wish, provided you do so before close of trading on the ASX on the Effective Date (currently proposed to be 2 February 2016), when trading in iProperty Shares will end.

If you are considering selling some or all of your iProperty Shares:

- you should have regard to the prevailing trading prices of iProperty Shares and compare those to the Scheme Consideration. You may ascertain the current trading prices of iProperty Shares through the ASX website (www.asx.com.au); and
- you should contact your stockbroker for information on how to effect that sale, and you should also contact your financial, taxation, legal or other professional adviser.

iProperty Shareholders who sell some or all of their iProperty Shares on the ASX:

- may receive payment (which may vary from the Scheme Consideration) for the sale of their iProperty Shares sooner than they would receive the Scheme Consideration under the Scheme;
- may incur a brokerage charge;
- will not be able to participate in the Scheme or, if one emerges, a Superior Proposal, in respect of those iProperty Shares they have sold; and
- may be liable for CGT on the disposal of their iProperty Shares (as you also may be under the Scheme – see the Tax Adviser's Report set out in Annexure 1).

Do nothing

iProperty Shareholders who elect not to vote at the Scheme Meeting on 28 January 2016 or do not sell their iProperty Shares on market will:

- if the Scheme is implemented and they have not made a valid Mixed Consideration Election, have their Scheme Shares transferred to Bidco by operation of the Scheme and receive the Cash Consideration under the Scheme of \$4.00 per Scheme Share;
- if the Scheme is implemented and they have made a valid Mixed Consideration Election, have their Scheme Shares transferred to Bidco by operation of the Scheme and receive the Mixed Consideration under the Scheme; or
- if the Scheme is not implemented – retain their iProperty Shares.

3.12 Transaction procedure

(a) Scheme approval requirements

The Scheme will only become Effective and be implemented if it is:

- approved by the Requisite Majorities of iProperty Shareholders (other than Excluded Shareholders) at the Scheme Meeting to be held on 28 January 2016;
- approved by the Court at the Second Court Hearing; and
- the conditions in relation to the Scheme outlined in section 3.9 of this Scheme Booklet are satisfied or waived (as appropriate).

The Requisite Majorities of iProperty Shareholders to approve the Scheme are:

- a majority in number (more than 50%) of iProperty Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person or by proxy) – it should be noted that the Court has the power to waive this requirement; and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by iProperty Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person or by proxy).

REA Austin (being, as at the date of this Scheme Booklet, the only Excluded Shareholder) has confirmed to iProperty that it will not vote its iProperty Shares at the Scheme Meeting.

(b) Scheme Meeting and how to vote

The Court has ordered iProperty to convene the Scheme Meeting at which iProperty Shareholders (other than Excluded Shareholders) will be asked to approve the Scheme.

The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Annexure 9.

The fact that the Court has ordered the Scheme Meeting to be convened and has approved this Scheme Booklet required to accompany the Notice of Scheme Meeting does not mean that the Court has prepared, or is responsible for the content of, this Scheme Booklet or has any view as to the merits of the Scheme or as to how iProperty Shareholders should vote. On these matters iProperty Shareholders (other than Excluded Shareholders) must reach their own decision.

(c) Attendance at the Scheme Meeting

The entitlement of iProperty Shareholders to attend and vote at the Scheme Meeting is set out in the Notice of Scheme Meeting in Annexure 9.

Instructions on how to attend and vote at the Scheme Meeting to be held on 28 January 2016 (in person, by proxy, or in person through an attorney or corporate representative) are set out in the Notice of Scheme Meeting.

Voting is not compulsory. However, the iProperty Independent Directors unanimously recommend that iProperty Shareholders vote in favour of the Scheme in the absence of a Superior Proposal, and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of iProperty Shareholders.

The results of the Scheme Meeting will be available as soon as possible after the conclusion of the Scheme Meeting and will be announced to the ASX (www.asx.com.au) once available.

(d) Court approval of the Scheme

In the event that:

- the Scheme is approved by the Requisite Majorities of iProperty Shareholders (other than Excluded Shareholders) at the Scheme Meeting (see section 3.12(a) of this Scheme Booklet for the Scheme approval requirements); and
- all Conditions Precedent (except Court approval of the Scheme) have been satisfied or waived (if they are capable of being waived),

then iProperty will apply to the Court for orders approving the Scheme.

Each iProperty Shareholder has the right to appear at the Second Court Hearing.

(e) Effective Date

If the Court approves the Scheme, the Scheme will become Effective on the Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Scheme is lodged with ASIC. iProperty will, on the Scheme becoming Effective, give notice of that event to the ASX.

iProperty intends to apply to ASX for iProperty Shares to be suspended from trading on the ASX from close of trading on the Effective Date.

(f) Scheme Record Date and entitlement to Scheme Consideration

Those iProperty Shareholders (other than Excluded Shareholders) on the iProperty Share Register on the Scheme Record Date (currently proposed to be 7:00pm (Sydney time) on 9 February 2016) will be entitled to receive the Scheme Consideration in respect of the iProperty Shares they hold at that time.

(g) Implementation Date

Scheme Shareholders will be sent or issued (as relevant) the Scheme Consideration on the Implementation Date (currently proposed to be 16 February 2016). Immediately after the Scheme Consideration is sent to Scheme Shareholders the Scheme Shares will be transferred to Bidco.

(h) Deed Poll

As at the date of this Scheme Booklet, a Deed Poll has been entered into by REA, realestate.com.au, REA Austin, Rollco and Bidco, in favour of the Scheme Shareholders, to:

- provide, or to procure that Rollco and Bidco provide, the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme, subject to the Scheme becoming Effective; and
- undertake all other actions attributed to each of them under the Scheme.

A copy of the Deed Poll is contained in Annexure 6.

3.13 Copy of iProperty Share Register

Under sections 169 and 173 of the Corporations Act, any iProperty Shareholder has a right to inspect, and to ask for a copy of, the iProperty Share Register which contains details of the name and address of each iProperty Shareholder. iProperty may require an iProperty Shareholder to provide reasons for their request prior to providing a copy of the iProperty Share Register, and an iProperty Shareholder must not use any information obtained for an improper purpose. A copy of the iProperty Share Register will be given to any iProperty Shareholder upon request and payment of the prescribed fee under the Corporations Act where iProperty is satisfied that the details provided are not likely to be used for an improper purpose.

3.14 Warranty by Scheme Shareholders

The terms of the Scheme provide that each Scheme Shareholder is taken to have warranted to iProperty and Bidco, and appointed and authorised iProperty as its attorney and agent to warrant to Bidco, on the Implementation Date, that:

- all their iProperty Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- they have full power and capacity to transfer their Scheme Shares to Bidco together with any rights attaching to those shares.

Under the terms of the Scheme, iProperty undertakes that it will provide such warranty to Bidco as agent and attorney of each Scheme Shareholder.

3.15 Delisting of iProperty

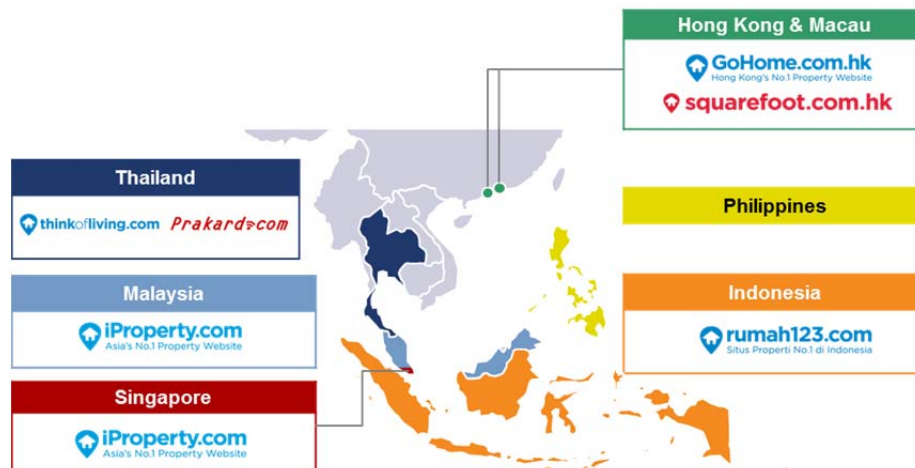
On a date after the Implementation Date, iProperty will apply for the termination of the official quotation of iProperty Shares on the ASX and for iProperty to be removed from the official list of the ASX.

4 Information about the iProperty Group

4.1 Introduction

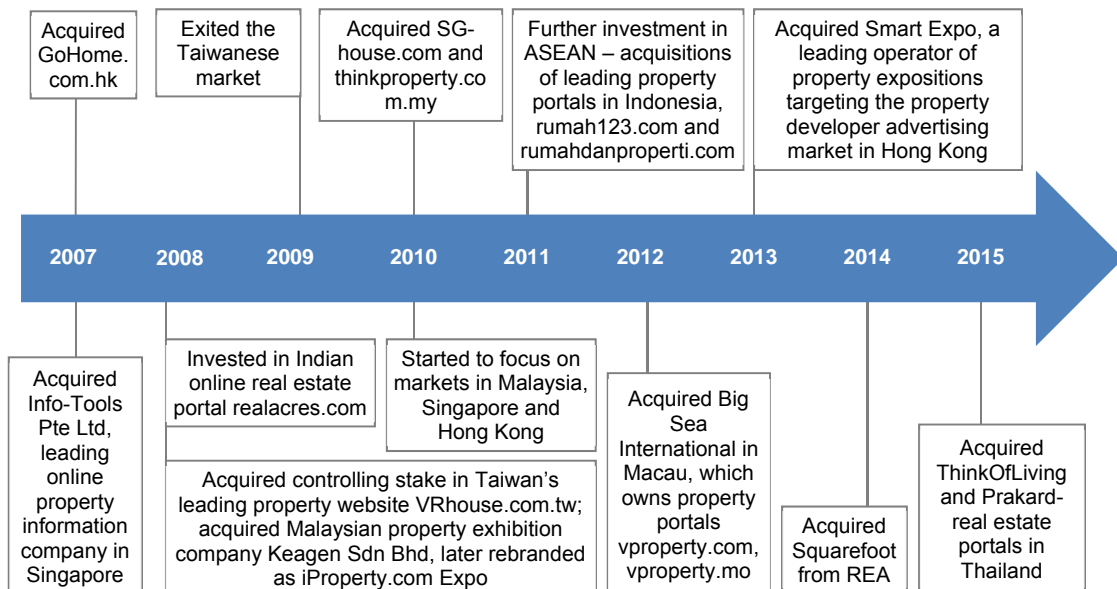
iProperty owns and operates a leading network of property websites under the umbrella brand, iProperty.com, in Asia. iProperty operates leading online property portals in Thailand, Malaysia, Indonesia and the Hong Kong region (including Macau) and a leading online portal in Singapore, and provides related real estate services and project marketing in countries across the ASEAN and Hong Kong regions.

iProperty operates in the following countries with the brands included below:



4.2 Corporate history and key events

Listed on the ASX in 2007 as iProperty Group Asia (IPGA), the group later changed its name to iProperty Group Limited in July 2011. Since listing on the ASX, iProperty has grown organically and through acquisition, initially focusing on its core South-East Asian markets and subsequently expanding into Hong Kong and Macau.

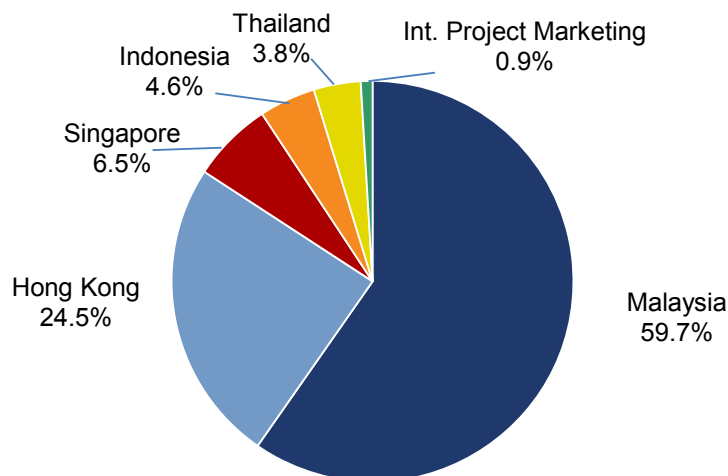


4.3 iProperty's business

iProperty's activities are divided into segments based on the geographical location of each business, with businesses in Thailand, Malaysia, Indonesia, Singapore and the Hong Kong region (including Macau).

The International Project Marketing segment was a new initiative during 2014 which generates sales in part from success-based marketing fees from international developers from outside the ASEAN and greater Hong Kong and Macau region. The table below shows iProperty's segmental revenue breakdown based on 1H FY15 results:

iProperty – revenue by segment (based on 1H FY15 results)

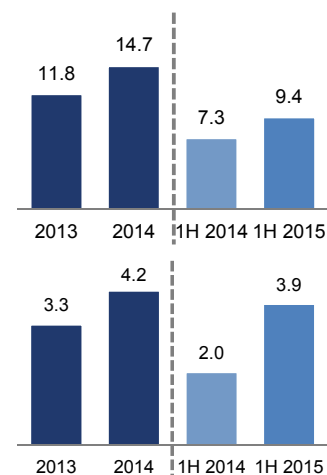


Source: iProperty statutory financial statements. Note that Thailand revenue only shown since 1 April 2015 (being when iProperty acquired ThinkOfLiving.com). Chart is shown prior to intersegment consolidation adjustments.

Region	Key metrics ²⁸
Malaysia	<ul style="list-style-type: none"> • A leading online property portal in Malaysia • EBITDA margin: 53% (1H FY15) • 9,784 paying agents and 216 paying developers

Hong Kong and Macau	<ul style="list-style-type: none"> • A leading online property portal in Hong Kong and Macau through its Squarefoot and GoHome brands • EBITDA margin: 6% (1H FY15) • 6,453 paying real estate agents and 11 paying developers
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Revenue 2013 - 1H 2015²⁹ (A\$m)

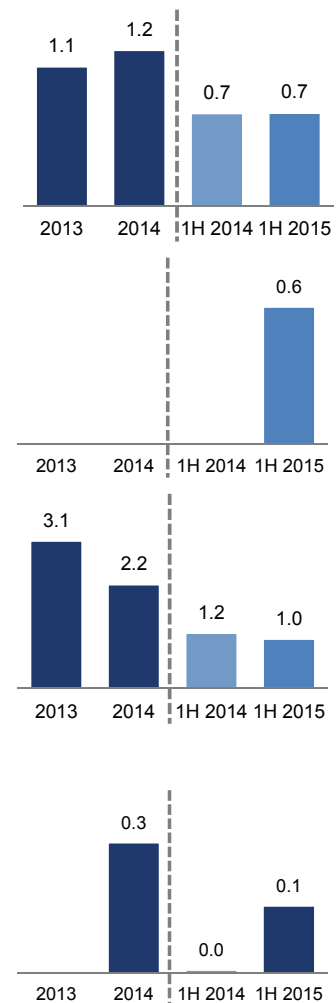


²⁸ The agent and developer numbers contained in the table are current as at 31 August 2015.

²⁹ Reported revenue for Thailand businesses for 1H 2015 only includes revenue since 1 April 2015 as acquisition of ThinkOfLiving.com completed on 1 April 2015. International Project Marketing (Transactions) business launched in late 2014.

Region	Key metrics ²⁸
Indonesia	<ul style="list-style-type: none"> • A leading online property portal in Indonesia • The iProperty Directors expect that the business will remain in investment phase for next 2-4 years • 9,482 paying agents and 89 paying developers
Thailand	<ul style="list-style-type: none"> • A leading online property portal in Thailand through its ThinkOfLiving.com and Prakard.com brands • EBITDA margin: 37% (1H FY15) • 39 paying developers
Singapore	<ul style="list-style-type: none"> • Depressed property market due to government cooling measures, including increasing purchaser's stamp duty, tighter loan-to-value limits for individuals with at least one outstanding loan, minimum cash down payments for individuals applying for a second or subsequent housing loan increasing from 10% to 25% • 2,107 paying agents and 8 paying developers • The iProperty Directors expect that the business will be refocused on the Singapore developer market
International Project Marketing (Transactions)	<ul style="list-style-type: none"> • Build-up of a global project marketing business (based in Singapore) to focus on all iProperty markets • Provides advertising and data research assets to advertise and sell developments via iProperty platforms • EBITDA margin: 2% (1H FY15)

Revenue 2013 - 1H 2015²⁹ (A\$m)



4.4 iProperty Board and senior management

(a) iProperty Board

The iProperty Board comprises the following directors:

Name	Position
Patrick Grove	Chairman
Georg Chmiel	Managing Director & Chief Executive Officer
Lucas Elliott	Non-Independent Non-Executive Director
Arthur Charlaftis	Non-Executive Director
John Armstrong	Non-Executive Director
Owen Wilson	Non-Executive Director

(b) Senior management

The senior management comprises the following members:

Name	Position
Georg Chmiel	Managing Director & Chief Executive Officer
Chan Shiao Mae	Chief Financial Officer
Jonathan Adams	General Manager, Marketing
Kiran Dhillon	General Manager, Human Resources
Harmit Singh	Chief Information Officer
Sean Tan	Singapore General Manager & Chief Business Development Officer
Carrie Law	General Manager, Hong Kong Region
Ignatius Untung	General Manager, Indonesia
Theinruj Toranavikrai	General Manager, Thailand
Leon Kong	General Manager, Malaysia – Agents
Jenn Adams	General Manager, Malaysia – Developer and Media

4.5 iProperty Independent Directors

The iProperty Independent Directors are Georg Chmiel, Patrick Grove, Lucas Elliott and John Armstrong.

In accordance with the engagement protocols signed by iProperty and REA on 23 September 2015, Owen Wilson and Arthur Charlaftis, being directors of iProperty who are also executives of REA, have been excluded from iProperty Board discussions (and discussions between iProperty Directors and iProperty executives) relating to the Transaction. The only members of the iProperty Board to be involved in such discussions have been the iProperty Independent Directors.

Owen Wilson and Arthur Charlaftis have confirmed that they do not consider it appropriate for them to make a recommendation to iProperty Shareholders in relation to the Scheme.

4.6 Historical financial information

(a) Basis of preparation

The historical financial information in this section 4.6 has been derived from iProperty's financial statements for the financial years ended 31 December 2013 and 31 December 2014, which were audited by Ernst & Young, and interim financial statements for the six months ended 30 June 2015, which were reviewed by Ernst & Young.

The historical financial information of iProperty presented is in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. iProperty considers that for the purposes of this Scheme Booklet the historical financial information presented in an abbreviated form is more meaningful to iProperty Shareholders. The historical financial information of iProperty has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards.

iProperty's recent statutory historical consolidated income statements, historical consolidated statements of financial position and historical consolidated cash flow

statements are disclosed in the annual financial report for the financial years ended 31 December 2014 and 31 December 2013 and in the interim financial report of iProperty for the six months ended 30 June 2015, all of which can be found at www.iproperty-group.com or the ASX website at www.asx.com.au.

(b) **Historical consolidated statement of profit and loss**

The historical consolidated statements of profit and loss of iProperty for the financial years ended 31 December 2013 and 31 December 2014 and for the six months ended 30 June 2014 and 30 June 2015 are shown below:

A\$m	Full year 31-Dec- 2013	Full year 31-Dec- 2014	Half year 30- Jun- 2014	Half year 30-Jun- 2015
Revenue from continuing operations	19.0	21.8	11.0	15.1
Other revenue	5.0	-	-	-
Total revenue	24.0	21.8	11.0	15.1
Advertising and marketing expenses	(3.6)	(3.2)	(1.5)	(1.9)
Employment expenses	(13.0)	(13.5)	(6.7)	(8.5)
Premises and infrastructure expenses	(1.5)	(1.5)	(0.7)	(1.3)
Offline production costs	(2.7)	(2.6)	(1.4)	(2.0)
Other expenses	(1.1)	(1.3)	(0.7)	(0.7)
Depreciation and amortisation	(0.4)	(0.7)	(0.3)	(0.4)
Impairment of goodwill, intangibles, property, plant and equipment	-	(8.8)	(8.8)	-
Employee options expense and long term incentives	-	(0.9)	-	(1.5)
Transaction advisory costs	-	(0.2)	-	(0.4)
Total expenses	(22.4)	(32.8)	(20.1)	(16.6)
Interest income	0.3	0.4	0.2	0.1
Profit / (Loss) before tax	1.9	(10.6)	(8.9)	(1.4)
Income tax expense	(0.2)	(0.1)	(0.1)	(0.1)
Profit / (Loss) for the period	1.7	(10.7)	(9.0)	(1.5)

(c) **Historical consolidated statement of financial position**

The historical consolidated statements of financial position of iProperty for the financial year ended 31 December 2014 and six months ended 30 June 2015 are shown below:

A\$m	As at 31-Dec-2014	As at 30-Jun-2015
Current assets		
Cash and cash equivalents	11.7	6.0
Trade and other receivables	4.2	5.1
Other assets	1.1	1.0
Total current assets	17.1	12.1
Non-current assets		
Property, plant and equipment	0.9	1.2
Intangibles	1.7	5.7
Goodwill	22.6	38.9

A\$m	As at 31-Dec-2014	As at 30-Jun-2015
Other non-current assets	0.3	0.4
Total non-current assets	25.4	46.0
Total assets	42.5	58.1
Current liabilities		
Trade and other payables	3.6	3.2
Billing in advance	4.8	6.0
Contingent consideration	0.6	5.1
Provisions	0.7	1.0
Current tax liabilities	0.0	0.1
Total current liabilities	9.7	15.4
Non-current liabilities		
Deferred contingent consideration	-	7.5
Total non-current liabilities	-	7.5
Total liabilities	9.7	22.9
Net assets	32.9	35.2
Equity		
Issued capital	51.2	54.0
Reserves	0.7	1.9
Accumulated losses	(19.1)	(20.7)
Total equity	32.9	35.2

(d) **Historical consolidated statement of cash flows**

The historical consolidated statements of cash flows of iProperty for the financial years ended 31 December 2013 and 31 December 2014 and for the six months ended 30 June 2014 and 30 June 2015 are shown below:

A\$m	Full year 31-Dec- 2013	Full year 31-Dec- 2014	Half year 30-Jun- 2014	Half year 30-Jun- 2015
Cash flows from operating activities				
Receipts from customers	20.3	21.6	11.3	16.3
Payments to suppliers	(9.4)	(9.8)	(5.0)	(7.2)
Payments to employees	(12.2)	(13.2)	(6.7)	(8.2)
Interest received	0.3	0.4	0.2	0.1
Income tax paid	(0.1)	(0.1)	(0.0)	0.0
Net cash used in operating activities	(1.1)	(1.1)	(0.2)	1.0
Cash flows from investing activities				
Payments for business acquisitions net of cash acquired	(1.8)	(0.6)	(0.6)	(6.4)
Proceeds from sale of investment	7.0	-	-	-
Proceeds from sale of intangible assets	-	-	-	-

A\$m	Full year 31-Dec- 2013	Full year 31-Dec- 2014	Half year 30-Jun- 2014	Half year 30-Jun- 2015
Purchases of property, plant and equipment	(0.4)	(0.6)	(0.1)	(0.5)
Payments for intangible assets	(0.4)	(0.5)	(0.2)	(0.4)
Receipt of government grants	-	-	0.0	-
Net cash used in investing activities	4.4	(1.6)	(0.8)	(7.3)
Cash flows from financing activities				
Proceeds from issue of shares	-	-	-	0.5
Payment for share issue costs	(0.0)	(0.0)	-	(0.0)
Net cash provided by financing activities	(0.0)	(0.0)	-	0.5

(e) **Material changes in financial position (since 30 June 2015)**

To the knowledge of the iProperty Directors, there have been no material changes to the financial position of iProperty and the iProperty Group since 30 June 2015, except as publicly disclosed on iProperty's ASX profile located on the ASX's website at www.asx.com.au or in this Scheme Booklet.

4.7 **Estimated revenue and EBITDA guidance for 2015³⁰**

In an announcement to the ASX on 19 June 2015 and in the analyst and investor presentation announced to the ASX on 20 August 2015, iProperty provided revenue and EBITDA guidance³¹ for the 2015 financial year, as follows:

- estimated revenue for the iProperty Group for the 2015 financial year of \$32.5 million to \$36 million; and
- estimated EBITDA for the iProperty Group for the 2015 financial year of \$3 million to \$6 million.

The iProperty Directors have considered this guidance as at the date of this Scheme Booklet and their current expectation is that the revenue and EBITDA figures for the 2015 financial year will likely be:

- estimated revenue for the iProperty Group for the 2015 financial year of \$32.0 million; and
- estimated EBITDA for the iProperty Group for the 2015 financial year of \$2.5 million.

These are estimates only and, among other things, are based on:

- the actual unaudited performance of the iProperty Group over the first 11 months of 2015 to 30 November 2015;
- current billing levels between 1 December 2015 and the date of this Scheme Booklet; and

³⁰ The revenue and EBITDA estimates contained in this section 4.7 exclude (i) the amortisation of any iProperty Options or employee iProperty Share based payments (estimated at an aggregate amount of \$2,400,000 for FY15) and (ii) transaction costs relating to the Scheme (estimated at an aggregate amount of \$9,900,000 if the Scheme is implemented – see sections 1.5(b) and 8.4 (note 2)) of this Scheme Booklet) and transaction costs relating to other merger and acquisition activity undertaken by iProperty (estimated at an aggregate amount of \$300,000).

³¹ EBITDA excludes the amortisation of share based payments and options.

- successful delivery of all key projects planned and current foreign exchange rates.

There is no guarantee that the actual revenue and EBITDA for the 2015 financial year will be in the ranges indicated above and iProperty Shareholders are referred to the section headed "Forward looking statements" in the "Important notices" appearing at the front of this Scheme Booklet.

4.8 Capital structure

As at the date of this Scheme Booklet, the capital structure of iProperty is as follows:

Number of iProperty Shares	187,699,917
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Number of iProperty Options	3,000,000
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Additional details about the iProperty Options are set out in section 11.3 of this Scheme Booklet.

4.9 Substantial shareholders

As extracted from filings released on the ASX, in each case prior to the Last Practicable Date, the following persons were substantial holders of iProperty Shares:

Substantial holder	Number of iProperty Shares	Voting power
Catcha Group Pte Ltd	31,349,014	16.70%
REA Group Limited*	42,558,118	22.67%

* The registered holder of these 42,558,118 shares is REA Austin Pty Limited

4.10 Recent share price performance

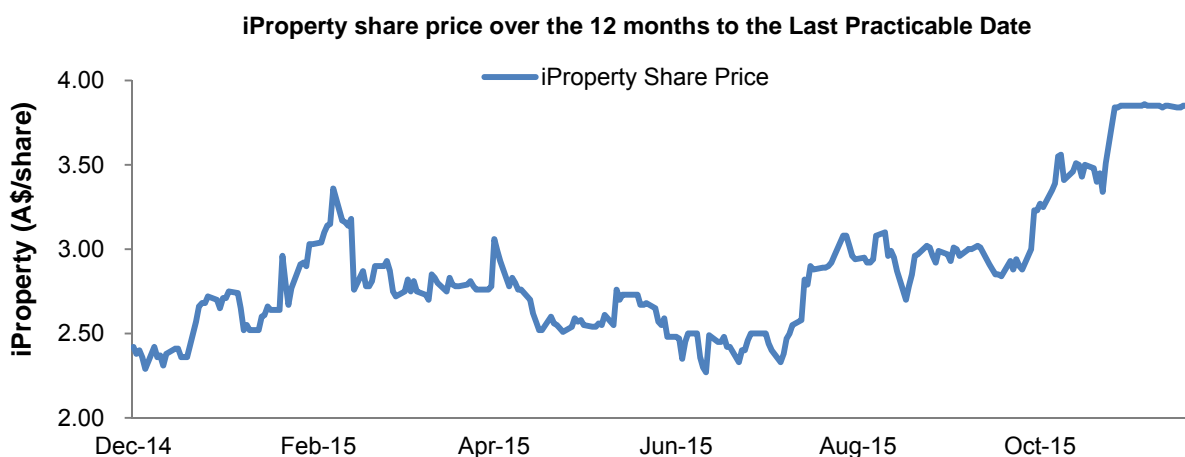
iProperty Shares are listed on the ASX under the trading symbol "IPP".

The closing price of iProperty Shares on the ASX on 30 October 2015 (i.e. the last trading day prior to the Announcement Date) was \$3.51. The closing price for iProperty Shares on the ASX on 7 December 2015, being the Last Practicable Date was \$3.89.

During the three months ending 7 December 2015:

- the highest recorded daily closing price for iProperty Shares was \$3.89 on 7 December 2015; and
- the lowest recorded daily closing price for iProperty Shares was \$2.84 on 24 September 2015.

The chart below shows iProperty's share price performance over the 12 months to 7 December 2015.



4.11 Publicly available information about iProperty

As an ASX listed company and a "disclosing entity" under the Corporations Act, iProperty is subject to regular reporting and disclosure obligations. Among other things, these obligations require iProperty to announce price sensitive information to the ASX as soon as iProperty becomes aware of that information, subject to some exceptions.

Pursuant to the Corporations Act, iProperty is required to prepare and lodge with ASIC and the ASX both yearly and half-yearly financial statements accompanied by a statement and report from the iProperty Directors and an audit or review report respectively.

Copies of each of these documents can be obtained (free of charge) by contacting iProperty's Shareholder Information Line on 1300 721 637 (from within Australia) or +61 2 8016 2890 (from outside Australia) Monday to Friday between 9.00 am and 5.30 pm (Sydney time) or they can be accessed from ASX's website (www.asx.com.au). ASIC also maintains a record of documents lodged with it by iProperty, and these may be obtained from, or inspected at, any office of ASIC.

A list of announcements made by iProperty to the ASX from 20 August 2015 (being the date on which iProperty lodged its 2015 half-year report with the ASX) to the Last Practicable Date is contained in Annexure 2.

iProperty Shareholders may obtain further announcements concerning iProperty from ASX's website (www.asx.com.au).

5 Information about the REA Group

5.1 Introduction

This section 5 has been prepared by REA. The information concerning the REA Group (including Bidco and Rollco) and the intentions, views and opinions contained in this section 5 are the responsibility of REA.

5.2 Overview of REA

(a) Corporate information

REA was established in 1995 and listed on the Australian Securities Exchange in 1999. It has a market capitalisation of approximately A\$6.9 billion (as at the Last Practicable Date). REA is headquartered in Australia and its major shareholders include News Limited (61.60%) and Hyperion Asset Management Limited (9.18%).

For the financial year ended 30 June 2015, REA generated approximately A\$523 million of revenue and A\$286 million of EBITDA.

(b) Operations and investments



REA operates Australia's leading residential and commercial property websites, realestate.com.au and realcommercial.com.au. For the financial year ended 30 June 2015, REA generated approximately A\$473 million of revenue from Australia (representing approximately 90% of group revenue).

REA also operates digital sites in other countries, with brands including myfun.com a Chinese language website, casa.it in Italy, atHome.lu and atOffice.lu in Luxembourg, immoRegion.fr in France and atHome.de in Germany. For the financial year ended 30 June 2015, REA generated approximately A\$50 million of revenue from these operations (representing approximately 10% of group revenue).

REA also holds a strategic investment of 20% in Move, Inc. in the United States as well as having a relevant interest in 22.67% of the iProperty Shares.

(c) Value proposition

Each of REA's property portals are centred on providing value for two equally important groups: consumers and customers.

REA provides its consumers with digital tools, information and data for buying, selling, renting, letting or pricing property.

REA assists its customers (i.e. real estate agents, property developers and other property-related businesses) to promote their services through its websites, mobile apps and some print.

(d) **Growth strategy**

REA's strategy for the future focuses on growing three main strands of its business and is summarised below.

(1) **Listings**

REA's fundamental business is publishing online listings and data on residential and commercial property.

This strand also includes providing some software and website development to property developers and real estate agents who list properties on its sites.

(2) **Media & property-related services**

Media: On top of listings, REA allows third parties to advertise on its sites, giving them access to a large audience of property seekers in Australia. REA also provides them with digital products.

Property-related services: This part of REA's business streamlines the process of moving by helping consumers find a home loan or assisting with the connection of their utilities.

(3) **International operations**

Currently, REA's largest market is Australia where it has built significant scale. REA intends to continue to expand internationally and build on its presence in Asia, Europe and North America.

(e) **Directors of REA**

The directors of REA (as of the Last Practicable Date) are:

Name	Current Position	Biography
Hamish McLennan	Non-executive Director	<ul style="list-style-type: none"> Appointed 21 February 2012 and Chairman since 10 April 2012. Nominee Director of News Corp Australia. Previous positions include Executive Chairman and Chief Executive Officer of Ten Network Holdings and prior to that Executive Vice President, Office of the Chairman, at News Corp. Previously Mr McLennan was Global Chairman and CEO of Young & Rubicam, part of WPP, one of the world's largest communications services group. Member of the Audit, Risk & Compliance Committee and member of the Human Resources Committee.
Tracey Fellows	Executive Director and CEO	<ul style="list-style-type: none"> Appointed 20 August 2014. Previous positions include Executive General Manager of Communication Management Services at Australia Post, Vice-President for the Asia-Pacific Region at Microsoft and CEO of

Name	Current Position	Biography
		Microsoft Australia.
Roger Amos	Independent non-executive Director	<ul style="list-style-type: none"> • Appointed 4 July 2006. • Previously a partner at KPMG for 25 years before retiring in 2006. • Other current directorships and offices include: Chairman of Tyrian Diagnostics Limited, Director of Enero Group Limited, Director of 3P Learning Limited, and Governor of the Cerebral Palsy Alliance Research Foundation. • Previous positions include Director of Austar United Communications Limited and Chairman of the Opera Foundation of Australia. • Chair of the Audit, Risk & Compliance Committee and member of the Human Resources Committee.
Kathleen Conlon	Independent non-executive Director	<ul style="list-style-type: none"> • Appointed 27 June 2007. • Other current directorships and offices include: Director of Lynas Corporation Limited, Director of Aristocrat Leisure Limited, Director of Benevolent Society, and Chair Audit Committee for the Commonwealth Department of Health. • Previously a partner and Director of the Boston Consulting Group for seven years, director of CSR Limited and National Board Member of the AICD. • Chair of Human Resources Committee and member of the Audit, Risk and Compliance Committee.
Richard J Freudenstein	Non-executive Director	<ul style="list-style-type: none"> • Appointed 21 November 2006. • Nominee Director of News Corp Australia. • Other current directorships and offices include: CEO of Foxtel Management Ltd, Director of Australian Subscription Television and Radio Association, Director of MCN – Multi Channel Network Pty Ltd, Chairman of Presto TV Pty Ltd, and Director of Wenona School Ltd. • Previously CEO of News Digital Media and The Australian newspaper, COO of British Sky Broadcasting, Director of Bell Shakespeare Company Limited and Chairman of REA Group Limited.
John D McGrath	Independent non-executive Director	<ul style="list-style-type: none"> • Appointed 15 September 1999. • Founder of McGrath Estate Agents and Director and CEO of McGrath Group Limited and related subsidiaries. • Former directorships include Director of Rawson

Name	Current Position	Biography
		<p>Group Pty Ltd.</p> <ul style="list-style-type: none"> Member of the Human Resources Committee.
Michael Miller	Non-executive Director	<ul style="list-style-type: none"> Appointed 12 November 2015. Nominee Director of News Corp Australia. Other current directorships and offices include: Executive Chairman, of News Corp Australasia since 16 November 2015, Director of News Corp Australia (News Limited) and Director of Foxtel Management Pty Ltd. Prior directorships and offices include: CEO of APN News & Media and director of News Limited.
Peter Tonagh	Non-executive Director	<ul style="list-style-type: none"> Appointed 13 November 2013. Nominee Director of News Corp Australia. CEO at News Corp Australia since 16 November 2015. Other current directorships and offices include: Chief Operating Officer of News Corp Australia, Director of News Corp Australia (News Limited), and Director of Foxtel Management Pty Ltd. Previous directorships and offices include: COO and CFO of Foxtel Management Pty Ltd, Vice President and Director of Boston Consulting Group. Member of the Audit, Risk and Compliance Committee.

5.3 REA's rationale for acquiring iProperty

REA's proposed acquisition of iProperty is the logical extension of REA Group's market-leading business in Australia and marks the next step in its strategy to pursue strategically sound expansion into attractive markets.

South East Asia is underpinned by attractive macroeconomic factors with strong growth prevalent across the region. In REA's view, the real estate market is expected to continue to grow driven by expanding populations and increasing GDP per capita. In addition, REA expects a continued acceleration from offline to online advertising which REA considers iProperty is well positioned to take advantage of in the markets in which it operates.

5.4 Overview of Bidco and Rollco

(a) Corporate information

Bidco is a 100% indirectly held subsidiary of REA, incorporated on 30 October 2015 for the purpose of acquiring iProperty Shares and issuing Bidco Shares to Rollco pursuant to the Scheme. Bidco is a private Australian company and has not undertaken any trading activities. Bidco is wholly-owned by realestate.com.au which in turn is wholly-owned by REA.

Rollco is an unlisted public Australian company incorporated on 20 November 2015 for the purpose of holding Bidco Shares on and from the Implementation Date and issuing B-Class Rollco Shares to Scheme Shareholders who have made a valid Mixed Consideration Election in accordance with the Scheme. Currently, Rollco has one A-Class Rollco Share on issue held by realestate.com.au. Following implementation of the Scheme, this single A-Class Rollco Share will remain held by realestate.com.au. It will have limited rights as described in section 6 of this Scheme Booklet.

(b) Role of Bidco and Rollco in relation to the Scheme

The Scheme contemplates Bidco acquiring all iProperty Shares other than those already owned by a member of the REA Group. As at the date of this Scheme Booklet, the REA Group holds (via its wholly owned subsidiary REA Austin) 42,558,118 iProperty Shares, which represents 22.67% of the total number of iProperty Shares on issue (see section 5.7 of this Scheme Booklet for more details).

Under the Scheme, iProperty Shareholders will receive the Cash Consideration for their Scheme Shares, unless they make a valid Mixed Consideration Election in which case they will receive the Mixed Consideration. If an iProperty Shareholder makes a valid Mixed Consideration Election, that iProperty Shareholder will, on the Implementation Date, receive \$1.20 in cash and be issued 0.7 B-Class Rollco Shares for each Scheme Share held by that iProperty Shareholder, subject to the Scale Back, and will become a shareholder of Rollco. Rollco will be issued an equal number of shares in Bidco, and therefore that iProperty Shareholder will have an indirect interest in iProperty. The circumstances and restrictions around the issue of Rollco Shares are explained further in this section 5.

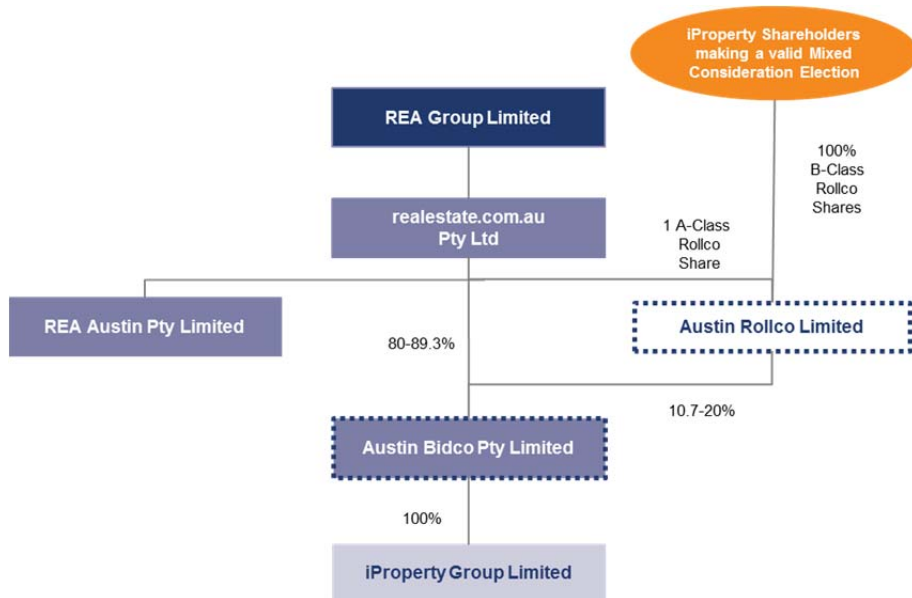
(c) Illustrative ownership structure

If the Scheme is implemented and following the intragroup transfer of REA Austin's existing holding of iProperty shares to Bidco as discussed in section 5.7, Bidco will hold 100% of the iProperty Shares. Depending on the level of Mixed Consideration Elections made, the level of ownership of Bidco as between realestate.com.au and Rollco may vary.

As discussed in section 3.9(a) of this Scheme Booklet, the Scheme is conditional upon, among other things, the maximum cash consideration payable by Bidco being equal to or less than \$500 million. This means that valid Mixed Consideration Elections will need to be received from holders of at least approximately 19.8% of iProperty Shares excluding iProperty Shares held by Excluded Shareholders. If this minimum threshold is achieved but not exceeded, Rollco will own a minimum of 10.7% of the shares in Bidco.

Under the terms of the Scheme, a proportional scale back will apply if the number of B-Class Rollco Shares to be issued to Scheme Shareholders who make a valid Mixed Consideration Election (assuming there were no Scale Back) exceeds 37,539,983 B-Class Rollco Shares (being a number of B-Class Rollco Shares which would result in Rollco holding more than 20% of Bidco). Accordingly, Rollco will hold between 10.7% and 20% of the shares in Bidco and realestate.com.au will hold between 80% and 89.3% of the shares in Bidco.

The following diagram represents the holding structure of Bidco, Rollco and iProperty if the Scheme is implemented.



(d) **Rollco ownership of Bidco and cash and scrip combinations in shareholder election scenarios**

The following table sets out Rollco's shareholding in Bidco and the Mixed Cash Consideration (as adjusted by the Scale Back) and Mixed Scrip Consideration (as adjusted by the Scale Back) that Scheme Shareholders will receive per Scheme Share under a number of scenarios, depending on the proportion of Scheme Shares that are subject to a valid Mixed Consideration Election.

Further detailed information in respect of Bidco, Rollco and their shares is provided in sections 6 and 7.

Scheme Shares subject to Mixed Consideration Elections	Percentage of iProperty Shares subject to a valid Mixed Consideration Election	Mixed Consideration per Scheme Share (as adjusted for any Scale Back)		Bidco Shares issued to Rollco	Bidco total shares on issue	Rollco's shareholding in Bidco
		Mixed Cash Consideration	Mixed Scrip Consideration			
145.1m (maximum ³²)	77.3%	\$2.965	0.259 B-Class Rollco Shares	37.5m	187.7m	20.0%
131.4m	70.0%	\$2.857	0.286 B-Class Rollco Shares	37.5m	187.7m	20.0%
112.6m	60.0%	\$2.667	0.333 B-Class Rollco Shares	37.5m	187.7m	20.0%
93.8m	50.0%	\$2.400	0.400 B-Class Rollco Shares	37.5m	187.7m	20.0%
75.1m	40.0%	\$2.000	0.500 B-Class Rollco Shares	37.5m	187.7m	20.0%
56.3m	30.0%	\$1.333	0.667 B-Class Rollco Shares	37.5m	187.7m	20.0%
53.6m	28.6%	\$1.200	0.700 B-Class Rollco Shares	37.5m	187.7m	20.0%
37.5m	20.0%	\$1.200	0.700 B-Class Rollco Shares	26.3m	187.7m	14.0%
28.8m	15.3%	\$1.200	0.700 B-Class Rollco Shares	20.1m	187.7m	10.7%
18.8m	10.0%	As result of the Maximum Cash Consideration condition, at least approximately 19.8% of iProperty Shares excluding iProperty Shares held by Excluded Shareholders must be subject to a valid Mixed Consideration Election for the Scheme to proceed (see section 3.9(a) of this Scheme Booklet for details).				
Nil	0.0%					

5.5 Funding of the Scheme Consideration

(a) Maximum Cash Consideration

As discussed in section 3.9(a) of this Scheme Booklet, the Scheme is conditional upon, among other things, sufficient valid Mixed Consideration Elections being received such

³² Maximum based on total number of Scheme Shares (i.e. excludes iProperty Shares held by the Excluded Shareholder).

that the maximum cash consideration payable by Bidco is equal to or less than \$500 million. Accordingly, if the Scheme is implemented, the Maximum Cash Consideration that will be payable by Bidco is \$500 million.

The Scheme is not subject to any financing condition.

(b) **Maximum Scrip Consideration**

The maximum number of B-Class Rollco Shares that would be issued by Rollco (on the assumption that every Scheme Shareholder makes a valid Mixed Consideration Election) is 37,539,983 shares.

(c) **Cash funding**

(1) **External debt finance arrangements**

Syndicated Facilities Agreement

realestate.com.au, REA and certain of REA's subsidiaries have entered into an unsecured syndicated facilities agreement (**Syndicated Facilities Agreement**) dated 8 December 2015 with National Australia Bank Limited (as mandated lead arranger) and Westpac Banking Corporation, Australia and New Zealand Banking Group Limited and Commonwealth Bank of Australia (as co-arrangers) (each of the mandated lead arranger and the co-arrangers being a **Lender** and together, the **Lenders**) for the provision of each of the following facilities:

- a two year cash advance facility up to a principal amount of \$120,000,000;
- a three year cash advance facility up to a principal amount of \$120,000,000; and
- a four year cash advance facility up to a principal amount of \$240,000,000,

(each a **Facility** and together, the **Facilities**).

The Facilities are made available to realestate.com.au for the purposes of funding part of the Aggregate Cash Consideration and any transaction costs incurred by the REA Group in relation to the Scheme and the Facilities (**Acquisition Costs**) and, subject to the payment in full of the Aggregate Cash Consideration and Acquisition Costs, other approved acquisitions and investments, and general corporate purposes (but not for the payment of distributions in relation to marketable securities or capital management initiatives).

Utilisation of the Facilities to fund the Aggregate Cash Consideration and Acquisition Costs is subject to the satisfaction of certain conditions precedent that are customary for bank debt financing arrangements of this nature.

Once the conditions precedent are satisfied, each of the Lenders will be obliged to provide funds to realestate.com.au in their proportion of the amount requested by realestate.com.au, subject to the total amount requested being no more than the facility limit for each Facility and the total facilities limit for all Facilities. As at the date of this Scheme Booklet, REA is not aware of any reason why any of the conditions precedent to utilisation of the Facilities will not be satisfied, and expects that the conditions precedent will be satisfied, in time to ensure that the Aggregate Cash Consideration can be paid in full, as and when due under the Scheme.

(2) **Intra-group arrangements**

In addition to the debt funding arrangements described above, realestate.com.au will provide Bidco with further funding as required for Bidco to pay the Aggregate Cash Consideration. realestate.com.au is the REA Group's principal operating entity and has cash reserves well in excess of that required to fulfil this obligation.

realestate.com.au will, via an intercompany equity subscription agreement with Bidco make the funds available under the Facilities and the additional cash funding referred to above available to Bidco at any time in order to pay the Aggregate Cash Consideration. Under the terms of the intercompany agreement, funding is not subject to any conditions other than the Scheme becoming Effective.

(d) **Conclusion**

On the basis of the arrangements described above, REA, realestate.com.au and Bidco each have reasonable grounds for holding the view, and hold the view, that Bidco will be able to satisfy its obligation to pay the Scheme Consideration as and when it is due under the terms of the Scheme.

5.6 REA's post-acquisition intentions

(a) **Intentions generally**

This section sets out REA's intentions in relation to:

- the continuation of the business of iProperty;
- any major changes to be made to the business of iProperty including any redeployment of its fixed assets; and
- the future employment of the present employees of iProperty.

As discussed in section 5.4(c) of this Scheme Booklet, on implementation of the Scheme, REA (via realestate.com.au) will own between 80% and 89.3% of the shares in Bidco, which will in turn own 100% of the shares in iProperty. The remaining Bidco Shares will be owned by Rollco. Accordingly, REA's ability to give effect to its intentions as described in this section 5 will be subject to governance provisions in respect of Bidco described in section 7 below.

(b) **Board**

REA intends to reconstitute the board of iProperty so that its members are the same as the board of Bidco. For information on board appointments for Bidco, please see the table in section 7 of this Scheme Booklet.

(c) **Review of operations**

REA has reviewed information that has been publicly released by iProperty about itself, its current activities and its plans for the future. REA has also conducted limited due diligence in relation to iProperty's business. REA does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess all of the operational, commercial, taxation and financial implications of its current intentions.

Following the implementation of the Scheme, REA will, to the extent possible through its nominees on the Bidco board, procure Bidco to conduct a full review of the operations, assets and employees of iProperty in light of that information. Final decisions will only be made after that review and in light of material information and circumstances at the relevant time.

Accordingly, the intentions described below are statements of current intention only and may change as new information becomes available or as circumstances change.

(d) **iProperty to be delisted**

REA intends for iProperty to be removed from the official list of the ASX after the Implementation Date and subsequently converted into a proprietary company limited by shares.

(e) **Business, operations and assets**

It is the current intention of REA to continue iProperty's focus on the online property portal website business in South East Asia while providing support to pursue organic and acquisition-based growth opportunities as appropriate.

REA intends to continue to operate iProperty under its current name.

As described previously, REA intends to procure Bidco to undertake a full review of iProperty and its operations following implementation of the Scheme to determine how best to operate and further develop and grow the company. Decisions regarding future business operations will be made following the completion of that review. However, as at the date of this Scheme Booklet, REA does not intend to dispose of any of iProperty's material assets.

(f) Employees

REA's current intention is to retain all of iProperty's present employees including the existing senior management team led by Georg Chmiel (see section 4.4 of this Scheme Booklet for details).

(g) Other intentions

Other than as set out in this section 5.6 and elsewhere in this Scheme Booklet it is REA's intention, to the extent possible through its nominees on the boards of Bidco and iProperty:

- to continue the business of iProperty;
- not to make any major changes to the business of iProperty nor to redeploy any of iProperty's fixed assets; and
- to continue the employment of iProperty's present employees.

5.7 Interests in iProperty Shares and benefits.

As at the date of this Scheme Booklet, the REA Group has a relevant interest in 42,558,118 iProperty Shares, which represents 22.67% of the total number of iProperty Shares on issue. Those iProperty shares are held by REA's wholly owned subsidiary REA Austin. REA Austin, realestate.com.au and Bidco have entered into a Share Sale Deed (see Attachment 2 of the Scheme for further details) pursuant to which REA Austin will, prior to the Implementation Date, transfer those iProperty shares to Bidco, which will in turn issue a corresponding number of Bidco Shares to realestate.com.au as consideration. REA Group's Relevant Interest in iProperty will not change as a result of this share transfer. REA Austin (being, as at the date of this Scheme Booklet, the only Excluded Shareholder) will not vote its iProperty Shares at the Scheme Meeting.

REA has also entered into an Option Cancellation Deed in respect of 3 million iProperty Options held by Georg Chmiel as described in section 11.3 of this Scheme Booklet.

6 Information regarding Rollco, B-Class Rollco Shares and the Rollco Constitution

6.1 Rollco's capital structure

As at the date of this Scheme Booklet, Rollco has on issue one A-Class Rollco Share which is held by realestate.com.au. If the Scheme is implemented, Rollco will issue B-Class Rollco Shares to Scheme Shareholders who have made a valid Mixed Consideration Election. The single A-Class Rollco Share held by realestate.com.au will remain on issue and held by realestate.com.au. It will have limited rights, as set out in Section 6.6 of this Scheme Booklet.

iProperty Shareholders should note that a share in Rollco is not a share in REA. If the Scheme is implemented, returns attributable to B-Class Rollco Shares will be determined based on the future performance of iProperty's operations, Rollco's rights in relation to Bidco under the Shareholders' Deed and B-Class Rollco Shareholder rights under the Rollco Constitution as set out in this section 6 and section 7. B-Class Rollco Shares will not have exposure to REA's existing operations.

6.2 Formula for determining entitlement to B-Class Rollco Shares

Upon implementation of the Scheme, Rollco will issue 0.7 B-Class Rollco Shares in exchange for each Scheme Share to each Scheme Shareholder that makes a valid Mixed Consideration Election, provided that if the result of this is that more than 37,539,983 B-Class Rollco Shares would be issued (**Maximum Scrip Consideration**), then the Maximum Scrip Consideration will be scaled back on a pro-rata basis so that the number of B-Class Rollco Shares received by each Scheme Shareholder who makes a valid Mixed Consideration Election will be calculated using the following formula:

$$X = A / B$$

where:

X = number of B-Class Rollco Shares per Scheme Share.

A = Maximum Scrip Consideration.

B = total number of Scheme Shares held at the Scheme Record Date by all Scheme Shareholders who validly made a Mixed Consideration Election.

Where the calculation of the number of B-Class Rollco Shares to be issued to a particular Scheme Shareholder would result in an entitlement to a fraction of a B-Class Rollco Share, that fractional entitlement will be rounded down to the nearest whole number of B-Class Rollco Shares (but only after applying the Scheme Shareholder's entitlement (prior to rounding) to its entire holding of Scheme Shares).

6.3 Features of an investment in an unlisted Australian public company

iProperty Shareholders who make a valid Mixed Consideration Election will receive both cash and shares in Rollco, an unlisted Australian public company, in exchange for their Scheme Shares, if the Scheme is implemented. Under the Scheme, those persons agree to become shareholders of Rollco and to be bound by the Rollco Constitution. This section 6.3 sets out the key features of holding an investment in an unlisted Australian public company generally and in Rollco specifically. These features are a product of both

Australian law and the provisions of the Rollco Constitution. iProperty Shareholders should be aware that these features differ from the features which apply to holding an investment in an ASX-listed company such as iProperty. iProperty Shareholders should keep these differences in mind when deciding whether to elect to receive Cash Consideration or Mixed Consideration.

In addition, pursuant to the Rollco Constitution, if at any time Rollco has less than 50 shareholders, Rollco and its shareholders are required to take all necessary or desirable actions to promptly convert Rollco to a proprietary company limited by shares. Where different to an unlisted public company, the table below discusses how holding shares in a proprietary company may also differ to holding shares in a listed public company

For reference purposes, the equivalent features associated with holding an investment in iProperty are also set out below. However, iProperty Shareholders should also keep in mind that after the implementation of the Scheme, iProperty will be delisted and the descriptions of iProperty in this section 6.3 will no longer apply to iProperty.

A complete copy of the Rollco Constitution is set out at Annexure 8. The description of the Rollco Constitution in this section 6.3 is a summary only and is not exhaustive. iProperty Shareholders considering making a Mixed Consideration Election to receive both cash and B-Class Rollco Shares should read and understand the Rollco Constitution in full and seek their own independent advice before making a decision.

Features of an investment in an unlisted Australian public company

Matter	Rollco	iProperty
Disposal of B-Class Rollco Shares	<p>As an unlisted company, there will be no active market for the sale and purchase of B-Class Rollco Shares following implementation of the Scheme. In addition, the Rollco Constitution places further restrictions on the transfer of B-Class Rollco Shares. In summary, B-Class Rollco Shares can only be transferred to a shareholder's Affiliates, under the Put Options and Call Options described in Section 6.4 of this Scheme Booklet, if required by realestate.com.au as a result of certain events of default by the holder of those B-Class Rollco Shares or if B-Class Rollco Shareholders elect to do so as a result of certain events of default by realestate.com.au.</p> <p>There are also limitations on the types of security interests that may be granted over B-Class Rollco Shares and Put Options.</p> <p>For further details on the limitations on disposal of or dealings with B-Class Rollco Shares following implementation of the Scheme, please see section 6.4 of this Scheme Booklet.</p>	<p>iProperty Shares are currently listed on ASX. Therefore, subject to the liquidity of the market for iProperty Shares, they can be freely traded on ASX at the prevailing market price.</p>

Features of an investment in an unlisted Australian public company

Matter	Rollco	iProperty
Continuous disclosure	<p>Rollco is required to provide certain information to its shareholders (see “Inspection of register” and “Shareholder reports” below for further details).</p> <p>If Rollco has less than 100 shareholders, there will be no requirement to provide any disclosure to Rollco Shareholders which could be comparable to the continuous disclosure obligations currently applicable to iProperty as a listed company.</p> <p>If, on implementation of the Scheme there are, and for so long there continues to be, at least 100 people holding Rollco Shares, Rollco will be subject to the ongoing continuous disclosure provisions in section 675 of the Corporations Act. These provisions will require Rollco, if it becomes aware of information that is not generally available and that a reasonable person would expect, if it were generally available, to have a material effect on the price or value of B-Class Rollco Shares (in particular, in the case of B-Class Rollco Shares, an event which would impact on whether or not the revenue hurdles which determine the exercise price of the options described in section 6.4 of this Scheme Booklet would be met), to lodge with ASIC a document containing the information as soon as practicable.</p> <p>Shareholders should also note that, when compared to the ASX company announcements platform, documents lodged with ASIC:</p> <ul style="list-style-type: none"> - may not be available free of charge; and - may not be available as promptly following lodgement. <p>The above obligation does not arise if a reasonable person would not expect the information to be disclosed, the information is confidential and at least one of the following applies:</p> <ol style="list-style-type: none"> (1) the disclosure of the information would contravene a law; (2) the information is about a matter of 	<p>iProperty must comply with Chapter 3 of the Listing Rules which requires immediate disclosure to the market of certain material price sensitive information.</p> <p>Chapter 3 of the ASX Listing Rules provide an exception to this requirement where each of the following are satisfied:</p> <ol style="list-style-type: none"> (1) One or more of the following 5 situations applies: <ul style="list-style-type: none"> - it would be a breach of law to disclose the information; - the information concerns an incomplete proposal or negotiation; - the information comprises matters of supposition or is insufficiently definite to warrant disclosure; - the information is generated for the internal management purposes of the entity; or - the information is a trade secret; and (2) the information is confidential and ASX has not formed the view that the information has ceased to be confidential; and (3) a reasonable person would not expect the information to be

Features of an investment in an unlisted Australian public company

Matter	Rollco	iProperty
	<p>supposition;</p> <p>(3) the information is not definite enough to make disclosure appropriate;</p> <p>(4) the information relates to an incomplete proposal or a matter that is in the course of negotiation;</p> <p>(5) the information was prepared or created for the internal management purposes of Rollco; or</p> <p>(6) the information is a trade secret.</p>	<p>disclosed.</p>
ASX Corporate Governance Principles & Recommendations	<p>Rollco will not be subject to the ASX Corporate Governance Principles & Recommendations. Rather, Rollco's corporate governance will be the subject of its constitution and other general legal requirements.</p>	<p>In addition to general legal requirements, as a listed company, iProperty is subject to, and must disclose its compliance with, the ASX Corporate Governance Principles & Recommendations.</p>
New share issues	<p>Rollco currently has on issue one A-Class Rollco Share held by realestate.com.au.</p> <p>Under the Rollco Constitution, Rollco can only issue B-Class Rollco Shares to Scheme Shareholders that make a valid Mixed Consideration Election, pursuant to the terms of the Scheme (see sections 3.4 and 3.5 of this Scheme Booklet for details), if permitted to do so under the terms of the Shareholders' Deed, or agreed to by the parties to the Shareholders' Deed. Otherwise, Rollco is not permitted to issue additional shares.</p>	<p>The iProperty Directors have the power to cause iProperty to issue shares, subject to the law and the ASX Listing Rules.</p>
Transactions with persons in a position of influence	<p>If Rollco has less than 50 shareholders, it will be converted to a proprietary company limited by shares and there will be no restrictions on its dealings with related parties.</p> <p>If Rollco is a public company, Rollco must comply with Chapter 2E of the Corporations Act which imposes restrictions on Rollco giving a financial</p>	<p>iProperty must also comply with Chapter 2E of the Corporations Act and its directors must satisfy their general directors' duties.</p> <p>In addition, iProperty must comply with Chapter 10 of the Listing Rules which imposes certain restrictions</p>

Features of an investment in an unlisted Australian public company

Matter	Rollco	iProperty
	<p>benefit to a related party unless it obtains shareholder approval, the transaction is on arms' length terms, or other prescribed exceptions apply.</p> <p>Notwithstanding the above, the Rollco directors will still be subject to their directors' duties imposed by the Corporations Act and general law.</p>	<p>on persons in a position of influence, including related parties and substantial shareholders from entering into certain transactions with iProperty without shareholder approval.</p>
<p>Change of activities / disposal of main undertaking</p>	<p>After implementation of the Scheme, Rollco's sole asset will be the Bidco Shares that it is issued pursuant to the Scheme. The Shareholders' Deed sets out the terms of Rollco's investment in Bidco Shares and limits Rollco's ability to dispose of those shares. See section 7 of this Scheme Booklet for further details.</p> <p>In addition, under the Rollco Constitution, realestate.com.au may veto any shareholder resolution if the change is inconsistent with the Shareholders' Deed or adverse to realestate.com.au's interests from time to time as a Rollco Shareholder having regard to the tenor and intention of the Shareholders' Deed and the Rollco Constitution (see section 6.6 of this Scheme Booklet for details).</p>	<p>Chapter 11 of the Listing Rules requires a listed entity to obtain shareholder approval in certain circumstances (and where required by the ASX) if it proposes to make a significant change to the nature or scale of its activities.</p>
<p>General meetings and shareholder approvals</p>	<p>Under the Rollco Constitution, Rollco must hold at least one general meeting every financial year.</p> <p>After implementation of the Scheme, while B-Class Rollco Shareholders will have voting rights, realestate.com.au, as the holder of the A-Class Rollco Share will not, subject to the fact that realestate.com.au may veto a resolution if the matter is inconsistent with the Shareholders' Deed or adverse to realestate.com.au's interests from time to time as a Rollco Shareholder having regard to the tenor and intention of the Shareholders' Deed and the Rollco Constitution (see section 6.6 of this Scheme Booklet for details).</p> <p>All matters to be passed at a general meeting require a simple majority unless</p>	<p>All matters to be passed at a general meeting of iProperty require a simple majority unless the Corporations Act provides otherwise.</p> <p>Under the Corporations Act, an amendment to the constitution or to change the name of iProperty requires a special resolution (passed by 75% or more of the votes cast on the resolution), amongst other matters which require passage by special resolution.</p>

Features of an investment in an unlisted Australian public company

Matter

Rollco

iProperty

the Corporations Act provides otherwise. Under the Corporations Act, an amendment to the Rollco Constitution or change of Rollco's name requires a special resolution (passed by 75% or more of the votes cast on the resolution), amongst other matters which require passage by special resolution.³³

Appointment of directors

Rollco must have at least 3 directors for so long as it is a public company, or at least 2 directors if it is a proprietary company.

The rights of Rollco Shareholders to appoint directors are set out in sections 6.5 and 6.6 below.

Each director in a Rollco board meeting may exercise the number of votes as represents the number of shares held by the director's appointing shareholder divided by the number of directors representing that shareholder who are present at the meeting.

iProperty must have at least 3 directors. The iProperty directors may appoint additional directors and fill casual vacancies themselves.

Shareholders may also appoint directors by resolution passed in general meeting. Subject to the Listing Rules, at the close of each annual general meeting one-third of the directors, or if their number is not a multiple of three, then the number nearest to but not more than one-third of the directors, must retire.

Shareholders themselves can nominate a director for election at general meeting.

Each iProperty Director in a board meeting has one vote.

Substantial holdings and takeovers

Chapter 6 of the Corporations Act will only apply to Rollco if it has more than 50 shareholders. Among other things, Chapter 6 and related provisions restrict transactions which would allow a person to acquire a relevant interest in voting shares in the company if their voting power would increase from below 20% to above 20% or from a starting point between 20% and 90%. It also requires public disclosure where a shareholder

Chapter 6 of the Corporations Act and the related provisions referred to in the previous column apply to iProperty Shares.

This regime is supplemented by ASIC Regulatory Guides and guidance notes issued by the Australian Takeovers

³³

In order to amend the Rollco Constitution, Rollco must obtain Bidco's prior written consent in addition to passing a special resolution of members.

Features of an investment in an unlisted Australian public company

Matter	Rollco	iProperty
	<p>holds 5% or more of the voting shares in a company or changes that position by 1% or more.</p> <p>This regime is supplemented by ASIC Regulatory Guides and guidance notes issued by the Australian Takeovers Panel.</p> <p>If Rollco has less than 50 shareholders, then there is no specific regime under the Corporations Act regulating acquisitions of shares in or assets of Rollco.</p> <p>However, the Rollco Constitution restricts Rollco Shareholders from transferring or disposing of Rollco Shares (see section 6.4 of this Scheme Booklet for details).</p>	<p>Panel.</p>
Share class rights	<p>The Corporations Act provides that Rollco may not vary or cancel rights attaching to a class of shares without the approval of a special majority of the B-Class Rollco Shareholders subject to:</p> <ul style="list-style-type: none"> - each B-Class Rollco Shareholder not being permitted to vote on a matter to achieve an outcome which is inconsistent with the terms of the Shareholders' Deed and the Rollco Constitution; and - realestate.com.au's ability to veto a resolution if the matter is inconsistent with the Shareholders' Deed or adverse to realestate.com.au's interests from time to time as a Rollco Shareholder having regard to the tenor and intention of the Shareholders' Deed and the Rollco Constitution. 	<p>Under the iProperty constitution, the rights attached to any class of iProperty Shares may be varied by a special resolution of members holding shares in that class or with the written consent of members with at least 75% of the votes attaching to shares in that class.</p>
Inspection of register	<p>A shareholder is permitted access to the shareholder register and minute books for meetings of members and member resolutions under the Corporations Act.</p> <p>The Rollco Constitution provides that, subject to the Corporations Act, the directors may determine whether and to what extent, and at what time and places</p>	<p>The rights of iProperty Shareholders to inspect records is similar to that of Rollco.</p> <p>The Corporations Act also contains a provision which permits a listed company, such as iProperty, to trace</p>

Features of an investment in an unlisted Australian public company

Matter	Rollco	iProperty
	<p>and under what conditions, the minute books, accounting records and other documents of Rollco or any of them will be open to the inspection of Rollco Shareholders.</p> <p>Accordingly, a Rollco Shareholder will not have the right to inspect any board minutes, accounting records and other documents unless authorised to do so by court or by a directors' resolution.</p>	<p>the beneficial ownership of its securities and require its members to disclose full details of their relevant interests.</p>
<p>Shareholder reports</p>	<p>Rollco must prepare annual audited financial reports in accordance with Chapter 2M of the Corporations Act and send it to Rollco Shareholders by the earlier of 4 months after the year end or 21 days before its next AGM.</p> <p>If Rollco is a public company, its financial report must also be laid before the AGM for consideration.</p>	<p>Under the Listing Rules and the Corporations Act, iProperty is required to provide half year and annual disclosures and quarterly disclosures in certain circumstances. Financial reports are required to include, among other things, financial statements and notes, a directors' declaration that the disclosing entity will be able to meet its debts as and when they become due and payable, and the directors' opinion that the financial statements and notes comply with accounting standards and give a true and fair view of the financial performance of the company.</p>
<p>Protection of minority shareholders and oppression remedies</p>	<p>The position for Rollco and iProperty are the same.</p> <p>Under Australian law, a statutory derivative action may be instituted by a shareholder, former shareholder or person entitled to be registered as a shareholder of iProperty. In all cases, leave of the court is required. Such leave will be granted if (a) it is probable that iProperty will not itself bring the proceedings or properly take responsibility for them; (b) the applicant is acting in good faith; (c) it is in the best interests of the company; (d) there is a serious question to be tried; and (e) a written notice of intention is given by the member to the company at least 14 days before the application for leave is made.</p> <p>Furthermore under the Corporations Act, shareholders can bring an action in cases of conduct which is either contrary to the interests of shareholders as a whole, or oppressive to, unfairly prejudicial to, or</p>	

Features of an investment in an unlisted Australian public company

Matter	Rollco	iProperty
	unfairly discriminatory against, any shareholders in their capacity as a shareholder. Former shareholders can also bring an action if it relates to the circumstances in which they ceased to be a shareholder.	
Non-compete restrictions on shareholders	The Rollco Constitution provides that a B-Class Rollco Shareholder which holds 5% or more of the total number of B-Class Rollco Shares on issue must comply with certain non-compete restrictions (see section 7.2 of this Scheme Booklet for details).	iProperty Shareholders are not restricted from engaging in a competing business.
Compulsory acquisition	Under the Rollco Constitution, no Rollco Shareholder may exercise any compulsory acquisition rights that it may have under the Corporations Act, except that realestate.com.au may exercise compulsory acquisition rights where it is required to acquire a holding of shares that it could acquire through the exercise of its Call Option described in section 6.4(c) of this Scheme Booklet, were it not for the breach of the terms of that Call Option by the counterparty.	In certain circumstances an iProperty Shareholder who holds/controls at least 90% of all iProperty Shares may move to compulsorily acquire the remaining iProperty Shares which it does not hold.

6.4 Limitations on disposal of or dealings with B-Class Rollco Shares following implementation of the Scheme

Rollco is (and will continue to be after the Scheme is implemented) an unlisted Australian public company (provided that, pursuant to the Rollco Constitution, if at any time Rollco has less than 50 shareholders, Rollco and its shareholders are required to take all necessary or desirable actions to promptly convert Rollco to a proprietary company). There will be no active market for the sale and purchase of B-Class Rollco Shares following implementation of the Scheme. Accordingly, Scheme Shareholders that validly elect to receive Mixed Consideration and receive B-Class Rollco Shares under the Scheme will need to comply with the Rollco Constitution if they subsequently wish to dispose of their B-Class Rollco Shares.

The Rollco Constitution broadly provides that, after implementation of the Scheme, no disposal or transfer of B-Class Rollco Shares is permitted except in the following situations:

- a B-Class Rollco Shareholder may transfer all (but not some) of its shares to a Permitted Transferee (see section 6.4(a) of this Scheme Booklet for details);

- a B-Class Rollco Shareholder may require realestate.com.au to purchase its B-Class Rollco Shares pursuant to various Put Options (see section 6.4(b) of this Scheme Booklet for details);
- realestate.com.au may acquire B-Class Rollco Shares from a B-Class Rollco Shareholder pursuant to various Call Options (see section 6.4(c) of this Scheme Booklet for details); and
- realestate.com.au may acquire or be required to acquire B-Class Rollco Shares from a B-Class Rollco Shareholder upon an event of default. Additionally, if the event of default involves realestate.com.au failing to pay the purchase price for B-Class Rollco Shares which are the subject of exercise of an option, the restrictions on B-Class Rollco Shareholders transferring their B-Class Rollco Shares will also be lifted to enable B-Class Rollco Shareholders to sell their B-Class Rollco Shares (although this may be difficult). See section 6.4(f) for more details.

In addition, under the Rollco Constitution a B-Class Rollco Shareholder must not permit a security interest to exist over B-Class Rollco Shares or Put Options except in certain circumstances described in section 6.4(g) of this Scheme Booklet.

A complete copy of the Rollco Constitution is set out in Annexure 8. The description of the Rollco Constitution in this section 6.4 is a summary only and is not exhaustive. iProperty Shareholders considering making a Mixed Consideration Election to receive both cash and B-Class Rollco Shares should read and understand the Rollco Constitution in full and seek their own independent advice before making a decision.

(a) **Permitted transfer**

B-Class Rollco Shareholders may transfer (meaning to sell a legal or beneficial interest) all (but not some) of its shares to a Permitted Transferee. A **Permitted Transferee** means:

- (1) if the shareholder merely holds the shares on trust, an Affiliate of a beneficiary of that trust; and
- (2) in any other case:
 - if the shareholder is an individual, an Affiliate of that individual;
 - if the shareholder is a body corporate and its Ultimate Shareholder (as defined in the Rollco Constitution set out in Annexure 8) is an individual, an Affiliate of the shareholder or the Ultimate Shareholder
 - if the shareholder is a body corporate and there is no Ultimate Shareholder, an Affiliate of the shareholder; or
 - if the shareholder is a body corporate and the Ultimate Shareholder is a body corporate, an Affiliate of the Ultimate Shareholder.

Affiliate means:

- (1) in respect of an individual, a spouse, parent, child, sibling or lineal descendant of that individual; or
- (2) in respect of a body corporate, another body corporate that directly or indirectly controls, or is controlled by, or is under common control with, the first body corporate.

(b) **Put Options for B-Class Rollco Shareholders**

Under the Rollco Constitution, each B-Class Rollco Shareholder is granted put options by realestate.com.au in respect of its B-Class Rollco Shares (**Put Options**).

Each B-Class Rollco Shareholder can exercise a Put Option during certain periods (**Exercise Period**) in respect of a certain number of B-Class Rollco Shares (**Exercise Shares**) at a specified price (**Exercise Price**) by giving the directors of Rollco a notice in the relevant specified form. Upon the exercise of a Put Option, realestate.com.au will be required to acquire the relevant Exercise Shares at the relevant Exercise Price.

A summary of each Put Option and their relevant Exercise Period, Exercise Shares and Exercise Price and list of key terms are set out as follows:

Put Option	Exercise Period	Exercise Shares	Exercise Price
FY16 Put Option	Within 20 days of Rollco providing B-Class Rollco Shareholders with notice of the final FY16 Put Option Exercise Price (which is expected to be given within 22 business days of the FY16 financial statements for the Bidco Group being delivered to Bidco Shareholders).	For each B-Class Rollco Shareholder, between 25-50% of that Shareholder's B-Class Rollco Shares held at the start of the relevant Exercise Period.	Exercise Price per B-Class Rollco Share is: <ul style="list-style-type: none"> if the FY16 Revenue Hurdle is not met, the Base Price x 1.035 (that is, \$4.14); if the FY16 Revenue Hurdle is met or exceeded by less than 15%, the Base Price x 1.13 (that is, \$4.52); or if the FY16 Revenue Hurdle is exceeded by 15% or more, the Base Price x 1.15 (that is, \$4.60).
FY17 Put Option	Within 20 days of Rollco providing B-Class Rollco Shareholders with notice of the final FY17 Put Option Exercise Price (which is expected to be given within 22 business days of the FY17 financial statements for the Bidco Group being delivered to Bidco Shareholders).	All B-Class Rollco Shares held by the B-Class Rollco Shareholders at the commencement of the relevant Exercise Period.	$((\text{FY17 Revenue Tranche Price}^{0.5} + \text{FY17 EBITDA Tranche Price}^{0.5})/2)^2$. The minimum amount payable under the FY17 Put Option per B-Class Rollco Share is \$4.2849. The maximum amount payable under the FY17 Put Option per B-Class Rollco Share is \$5.29. The amount actually payable may range between these two amounts, depending on the performance of the Bidco Group by reference to revenue and EBITDA targets.
Emergency Put Option	Either: <ul style="list-style-type: none"> at any time after 31 December 2016; or within 20 Business Days of receiving notice from Rollco of the "Net Debt / EBITDA ratio" of the REA Group (being REA and each of its wholly and partly- 	All B-Class Rollco Shares held by the B-Class Rollco Shareholder at the relevant time.	Base Price (that is, \$4.00) x (1 + 0.035 per annum on a pro rata compounded basis). The minimum amount payable under the Emergency Put Option per B-Class Rollco Share is \$4.00. The maximum amount payable under the Emergency Put Option per B-Class Rollco Share is \$4.2849. The amount actually payable may range between these two amounts, depending on the duration of time that has passed since the implementation

Put Option	Exercise Period	Exercise Shares	Exercise Price
	owned Subsidiaries) exceeding 3.5 x.		date.
Tag Along Put Option	After receiving advice from realestate.com.au under the Shareholders' Deed that realestate.com.au wishes to sell its shares in Bidco to a third party (see section 7.2 of this Scheme Booklet for details).	All B-Class Rollco Shares held by the B-Class Rollco Shareholder. B-Class Rollco Shareholders may elect instead to sell the same proportion of B-Class Rollco Shares to the third party as realestate.com.au is selling to that third party (see section 7.2 of this Scheme Booklet for details).	Base Price x 1.3225 on exercise of the tag along put option (that is, \$5.29) If a B-Class Rollco Shareholder elects instead to sell B-Class Rollco Shares to the third party, they will receive the price being paid by that third party for realestate.com.au's shares in Bidco (see section 7.2 for details).
Default Put Option	See further section 6.4(f) below.	See further section 6.4(f) below.	See further section 6.4(f) below.

Key terms:

Base Price means \$4.00 per B-Class Rollco Share.

FY16 Revenue Hurdle means \$45,000,000 of consolidated audited revenue for the business of the Bidco Group.

FY17 EBITDA Hurdle means \$22,000,000 of consolidated audited earnings before interest, tax, depreciation and amortisation for the business of the Bidco Group.

FY17 EBITDA Tranche Price is equal to:

- if the FY17 EBITDA Hurdle is missed by more than 10%, Base Price x 1.071225;
- if the FY17 EBITDA Hurdle is missed by 10% or less, Base Price x 1.13 x 1.13 x FY 17 EBITDA / FY17 EBITDA Hurdle;
- if the FY17 EBITDA Hurdle is met or exceeded by less than or equal to 15%, Base Price x 1.2769; or
- if the FY17 EBITDA Hurdle is exceeded by 15% or more, Base Price x 1.3225.

FY17 Revenue Hurdle means \$67,000,000 of consolidated audited revenue for the business of the Bidco Group.

FY17 Revenue Tranche Price is equal to:

- if the FY17 Revenue Hurdle is not met, Base Price x 1.071225;
- if the FY17 Revenue Hurdle is met or exceeded by less than or equal to 15%, Base Price x 1.2769; or
- if the FY17 Revenue Hurdle is exceeded by 15% or more, Base Price x 1.3225.

(c) **Call Options in favour of REA**

Under the Rollco Constitution, realestate.com.au is granted call options by realestate.com.au in respect of the B-Class Rollco Shares (**Call Options**).

Upon the exercise of a Call Option, the relevant B-Class Rollco Shareholders will be required to transfer the relevant B-Class Rollco Shares to realestate.com.au at the relevant exercise price.

A summary of each Call Option in favour of realestate.com.au is set out as in the table below.

Call Option	Exercise Period	Exercise Shares	Exercise Price
FY17 Call Option	Under the terms of the Rollco Constitution, if a B-Class Rollco Shareholder has not exercised its FY17 Put Option by the end of the FY17 Put Option Exercise Period described above, realestate.com.au is obliged to exercise this Call Option to buy those B-Class Rollco Shares within 2 Business Days.	All B-Class Rollco Shares held by each B-Class Rollco Shareholder at the relevant time.	Same as the FY17 Put Option Exercise Price (see section 6.4(b) above).
Accelerated Call Option	At any time.	All B-Class Rollco Shares held by all B-Class Rollco Shareholders.	Base Price x 1.3225 (this is equal to the highest price payable under the Put Options and any Call Option – that is \$5.29).
Default Call Option	See further section 6.4(f) below.	See further section 6.4(f) below.	The Base Price (\$4.00) per share subject to the call. See further section 6.4(f) below.

(d) **Adjustments to revenue and EBITDA**

As outlined above, the exercise price for the Put Options for B-Class Rollco Shares is to be determined by reference to iProperty's performance against the FY16 Revenue Hurdle (in respect of the FY16 Put Option) and FY17 Revenue Hurdle and FY17 EBITDA Hurdle (in respect of the FY17 Put Option) (together, the **Hurdles**).

It is intended that the FY16 revenue, FY17 revenue and FY17 EBITDA represent, in each case, the revenue and EBITDA of iProperty during FY16 and FY17 as if, during the

relevant period, the business of the iProperty Group had been conducted in the ordinary course.

For the purpose of calculating revenue and EBITDA to determine whether the Hurdles have been met, the Rollco Constitution sets out a list of principles which must be followed unless Rollco provides written notice that, in respect of any relevant matter, no adjustment to revenue or EBITDA is required. Examples of these principles include:

- revenue and the profit and loss statement from which EBITDA is derived must be calculated in accordance with applicable Australian equivalent of IFRS accounting standards (as applied and disclosed in the preparation of the audited Financial Statements for the iProperty Group prepared in respect of FY15);
- any revenue earned or expenses incurred other than in the ordinary course must be disregarded in calculating Revenue and EBITDA;
- revenue and expense acceleration or deferral will be ignored (unless it is undertaken in the ordinary course);
- if part or all of the business of the iProperty Group is sold or ceases to operate then an amount equal to the revenue and EBITDA that was budgeted to have been earned had the disposed business not been sold must be included in the revenue and / or EBITDA;
- if the iProperty Group acquires or commences a new business any revenue and expenses earned in or incurred by the new business will be disregarded; and
- if operating expenditure is incurred which is inconsistent with budgeted operating expenditure and which increases the budgeted operating expenditure by more than 5%, then EBITDA for the relevant period must be increased by the amount the actual operating expenditure exceeds the budgeted expenditure plus 5%.

(e) Likelihood of the Revenue and EBITDA Hurdles being met

As outlined above, the exercise price for the Put Options for B-Class Rollco Shares is to be determined by reference to iProperty's performance against the Hurdles.

As at the date of this Scheme Booklet, there is no certainty as to whether or not the Hurdles will be achieved and no representation or warranty is being made as to the likelihood of the Hurdles being achieved. However, in assessing whether or not they consider the Hurdles are likely to be achieved, iProperty Shareholders should consider a number of factors including:

- iProperty's historical revenue and EBITDA growth and iProperty's FY15 revenue and EBITDA guidance as contained in section 4.7; and
- the median revenue and EBITDA expectations of brokers who review and report on iProperty's performance.

There may be other factors which iProperty Shareholders and their advisors consider relevant in this regard, and accordingly the above should not be considered to be an exhaustive list.

The following table provides a summary of iProperty's historical reported revenue and EBITDA and the corresponding annual growth. It also includes iProperty's FY15 revenue and EBITDA guidance and the median expectation of brokers who cover iProperty for these metrics. iProperty Shareholders can compare this historical data, iProperty FY15 guidance and broker expectations against the growth rates required to achieve the Hurdles in assessing the likelihood of the Hurdles being achieved.

iProperty revenue and EBITDA performance⁽¹⁾

	FY10	FY11 (Growth rate from FY10)	FY12 (Growth rate from FY11)	FY13 (Growth rate from FY12)	FY14 (Growth rate from FY13)	FY15 (Growth rate from FY14)	Median broker expectation – FY16 (Expected growth rate from FY15)	Median broker expectation – FY17 (Expected growth rate from FY16)	FY16 Hurdle (required growth rate from mid-point of iProperty FY15 guidance)	FY17 Hurdle (required growth rate from median broker FY16 expectation)
Revenue	\$7.2m	\$12.0m (65%)	\$15.5m (29%)	\$19.0m (23%)	\$21.8m (15%)	\$32.0m ⁽²⁾ (47%)	\$46.5m (45%)	\$59.6m (28%)	\$45.0m (41%)	\$67.0m (44%)
EBITDA	(\$2.4m)	(\$2.0m)	(\$2.9m)	(\$2.9m)	(\$0.4m)	\$2.5m ⁽³⁾	\$12.7m (408%)	\$19.8m (56%)	N/A	\$22.0m (73%)

Notes

- (1) All historical figures are as reported by iProperty in its 2014 annual report (page 13).
(2) Midpoint of iProperty's FY15 revenue guidance as per section 4.7.
(3) Midpoint of iProperty's FY15 EBITDA guidance as per section 4.7.

In respect of the median broker expectations described above, the following information should also be considered:

- 5 published broker reports were reviewed in preparing the median figures referenced above;
- the reports reviewed were dated between 21 August 2015 and 5 November 2015;
- among the broker reports reviewed:
 - (1) the highest FY16 revenue expectation was \$49.9m;
 - (2) the lowest FY16 revenue expectation was \$42.0m;
 - (3) the highest FY17 revenue expectation was \$62.2m;
 - (4) the lowest FY17 revenue expectation was \$54.8m;
 - (5) the highest FY17 EBITDA expectation was \$23.4m; and
 - (6) the lowest FY17 EBITDA expectation was \$11.9m;
- the reports reviewed were the all reports prepared by brokers in respect of iProperty for both FY16 and FY17 that released reports in the period after the release of iProperty's latest half-year results; and
- no broker reports that fit the above criteria were excluded from the above analysis; and
- the broker reports were all issued before the publication of iProperty's revised FY15 EBITDA and revenue guidance as set out in section 4.7.

The iProperty Directors and REA make no representation or warranty as to the accuracy of the broker reports reviewed for the purpose preparing the median figures referenced above and do not adopt those figures. These figures are provided for illustration only. iProperty Shareholders should be aware that the broker reports reviewed are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to iProperty, and / or the industries in which it operates, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets. Actual results may differ materially from the results expressed or implied in the table above.

None of iProperty, REA, Bidco or Rollco or their respective officers, directors, employees or advisers or any person named in this Scheme Booklet or involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any of the Hurdles in the above table.

Accordingly, iProperty Shareholders are cautioned not to place undue reliance on those statements. iProperty Shareholders should also be aware that the Independent Expert has not considered, and has not provided any opinion as to, whether the Hurdles are likely to be met (having only valued the minimum value of the Mixed Consideration).

iProperty Shareholders should also note that iProperty will be under the control of REA following implementation of the Scheme and therefore the ability of iProperty to achieve the Hurdles will in part be determined by the strategies for iProperty as determined by REA. Having said that, iProperty Shareholders should note that REA's intention is to retain the existing iProperty management team and for iProperty to continue to operate as a stand-alone business and there are no current intentions for material changes to the iProperty business. Additionally, Directors appointed to the board of Bidco by Rollco will also have an input on material changes to the iProperty business in certain circumstances (see section 7.2 for more details) and certain protections apply to the calculation of Revenue and EBITDA for the purpose of determining whether the Hurdles are met (see section 6.4(e) for more details). For further information in respect of REA's intentions for iProperty following implementation of the Scheme, please refer to section 5.6 of this Scheme Booklet.

(f) Events of default

In the event of default under the Rollco Constitution or Shareholders' Deed, the following Put Options and Call Options apply:

Defaulting party	Result	Acquisition price per B-Class Rollco Share
Rollco	realestate.com.au has a Call Option, where it may elect to acquire all B-Class Rollco Shares. The election must be made within 20 days of receiving a written notice from Rollco confirming that Rollco is subject to an event of default.	Base Price (\$4.00)
realestate.com.au	Each B-Class Rollco Shareholder has a Put Option, where it may elect to require realestate.com.au to acquire all of its B-Class Rollco Shares. The election must be made within 20 days of receiving a written notice from Rollco confirming that realestate.com.au is subject to an event of default	Base Price x 1.3225 (\$5.29)
B-Class Rollco Shareholder	realestate.com.au has a Call Option, where it may elect to acquire the defaulting B-Class Rollco Shareholder's B-Class Rollco Shares. The election must be made within 20 days of receiving a written notice from Rollco confirming that the B-Class Rollco Shareholder is subject to an event of default. There is a prohibition in the Rollco Constitution on the transfer of B-Class Rollco Shares representing 5% or more of the issued B-Class Rollco Shares without the consent of realestate.com.au. If this prohibition is breached, the call option described above can also be	Base Price (\$4.00)

Defaulting party	Result	Acquisition price per B-Class Rollco Share
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invoked by realestate.com.au to acquire those B-Class Rollco Shares that are transferred to a third party in breach of that prohibition.

In each case above, the party with the benefit of the option may make an election to exercise that option within 20 days of receiving a written notice from Rollco that the relevant party is subject to an event of default. In this case, the defaulting party may not exercise any rights under the Rollco Constitution (including any voting rights) until the 20 day election period has expired and such put or call option has not been exercised.

An event of default occurs in respect of:

- (1) Rollco or realestate.com.au if that party:
 - becomes a 'defaulting shareholder' under the Shareholders' Deed;
 - materially breaches the Rollco Constitution and does not remedy the breach within 20 business days of being given written notice of the breach from the other party;
 - breaches a non-compete obligation in the Shareholders' Deed (see section 7.2 of this Scheme Booklet for details);
 - breaches a transfer restriction in the Rollco Constitution;
 - is subject to an insolvency event;
 - undergoes a change of control;
 - in the case of realestate.com.au, is prohibited from being a Rollco Shareholder by law; or
 - in the case of Rollco, the Rollco Constitution or other constituent or governing document is varied without Bidco's prior written consent; and
- (2) a B-Class Rollco Shareholder who holds 5% or more of the B-Class Rollco Shares on issue, if it:
 - materially breaches the Rollco Constitution and fails to remedy the breach within 20 business days of being given written notice of the breach by Rollco or another Rollco Shareholder;
 - materially breaches a non-compete obligation under the Rollco Constitution (see section 6.3 above); or
 - breaches a transfer restriction in the Rollco Constitution, including transfers of B-Class Rollco Shares representing 5% or more of the issued B-Class Rollco Shares without the consent of realestate.com.au, whether undertaken in a single transaction or a series of transactions.

Additionally, if the event of default involves realestate.com.au failing to pay the purchase price for B-Class Rollco Shares which are the subject of exercise of an option, the restrictions on B-Class Rollco Shareholders transferring their B-Class Rollco Shares will also be lifted to enable B-Class Rollco Shareholders to sell their B-Class Rollco Shares (although this may be difficult).

(g) **Security interests**

Security interests are permitted to be granted over Put Options in the following limited circumstances:

- only to the extent that any such security interest does not adversely affect the ability to exercise the relevant Put Option;
- it may only apply to shareholder's entitlement to receive payment for the B-Class Rollco Shares the subject of the Put Option, and may not be a security interest over the share itself of any rights attaching to it; and
- the security interest may also be supported solely by a limited power of attorney granted in favour of the beneficiary to permit that beneficiary to exercise the Put Options.

Security interests are permitted to be granted over B-Class Rollco Shares in the following limited circumstances:

- the terms of the security interest are disclosed to Rollco and realestate.com.au in writing prior to the security interest being granted;
- the terms of the security interest only give the beneficiary the right to give notice to dispose of, and dispose of, B-Class Rollco Shares in accordance with the Rollco Constitution;
- the beneficiary may not exercise any rights with respect to voting, governance or any other control of Rollco at any time;
- the security interest must be automatically discharged and released immediately upon being exercised by the beneficiary in accordance with the Rollco Constitution; and
- the security interest may be supported solely by a limited power of attorney granted in favour of the relevant beneficiary to permit that beneficiary to dispose of B-Class Rollco Shares in accordance with the Rollco Constitution as described in this section 6.4.

6.5 Rights and liabilities attaching to B-Class Rollco Shares

B-Class Rollco Shares issued as consideration under the Scheme will be fully paid and will rank equally with all other B-Class Rollco Shares from the date of issue. A summary of the significant rights and liabilities attaching to B-Class Rollco Shares is set out below.

A complete copy of the Rollco Constitution, which sets out the rights of B-Class Rollco Shareholders, is set out at Annexure 8. The description of the Rollco Constitution in this section 6.5 is a summary only and is not exhaustive. iProperty Shareholders considering making a Mixed Consideration Election to receive both cash and B-Class Rollco Shares should read and understand the Rollco Constitution in full and seek their own independent advice before making a decision.

Rights and liabilities attaching to B-Class Rollco Shares

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Voting and shareholder approval matters

After implementation of the Scheme, each B-Class Rollco Shareholder will have one vote per B-Class Rollco Share that they hold.

However, a B-Class Rollco Shareholder must not vote on a matter to achieve an outcome which is inconsistent with the agreement of Rollco, REA and the Rollco Shareholders as evidenced by the terms of the Rollco Constitution and the Shareholders' Deed.

In addition, realestate.com.au is entitled to veto any resolution on a matter that is inconsistent with the Shareholders' Deed or adverse to its interests from time to time as a shareholder of Rollco, having regard to the tenor and intention of the constitution and the Shareholders' Deed, and which vote by the A-Class Shareholder will be effective to veto the relevant matter regardless of the number or proportion of the votes recorded in favour of the resolution, including in relation to the following matters where a proposed change would be adverse to the interests of realestate.com.au, each of which must be approved by realestate.com.au before it can be implemented by the Board of Rollco:

- appoint a liquidator to Rollco or propose a winding-up of Rollco (whether voluntary or ordered by a court);
- any resolution required to be passed under Chapter 2E of the Corporations Act;
- adopt, amend or replace this constitution;
- change the rights of Rollco Shares;
- appoint any person as the auditor of Rollco (other than an appointment of Ernst & Young which realestate.com.au may not veto);
- giving of financial assistance to a person to acquire Rollco Shares; and
- sale of Rollco or material variation to its business;
- change the name of Rollco;
- change Rollco's type;
- transfer of Rollco's registration;
- reduce the share capital of Rollco, whether by buy-back, capital reduction or otherwise
- declare or pay any distribution; and
- issue any Rollco Shares.

Appointment of directors

After implementation of the Scheme, each B-Class Rollco Shareholder who holds 20% or more of the total number of B-Class Rollco Shares on issue may appoint one director for each 20% parcel of B-Class Rollco Shares that he or she holds, provided that if the result of this rule is that:

Rights and liabilities attaching to B-Class Rollco Shares

Matter

Summary

- there would be no directors appointed to the board of Rollco, then the B-Class Rollco Shareholder with the largest holding of B-Class Rollco Shares may appoint or remove up to 3 directors;
- there would be only one director appointed to the board of Rollco, then the B-Class Rollco Shareholder who is able to appoint that director may appoint:
 - up to 2 additional directors if Rollco is a public company; or
 - up to 1 additional director if Rollco is a proprietary company; or
- there would be only 2 directors appointed to the board of Rollco and Rollco is a public company, then the B-Class Rollco Shareholders who are able to appoint those directors may each appoint up to 1 additional director.

Each director appointed by a B-Class Rollco Shareholder who holds a 20% parcel of B-Class Rollco Shares will only remain a director for so long as the appointing B-Class Rollco Shareholder holds a 20% parcel of B-Class Rollco Shares.

The current directors of Rollco, who were appointed by realestate.com.au, will resign upon the appointment of directors by the B-Class Rollco Shareholder(s) in accordance with the rules described above. From implementation of the Scheme, realestate.com.au will not be entitled to appoint a director unless there are no B-Class Rollco Shares on issue.

Each director in a board meeting may exercise the number of votes as represents the number of shares held by the director's appointing shareholder divided by the number of directors representing that shareholder who are present at the meeting.

General meetings and notices

Rollco must convene and the directors of Rollco must procure that Rollco convenes at least one general meeting during each financial year of Rollco.

realestate.com.au and the B-Class Rollco Shareholders shall be entitled to receive notices of and to attend, in person, by corporate representative, by attorney or by proxy.

B-Class Rollco Shareholders are entitled to vote at all general meetings of Rollco. However, a B-Class Rollco Shareholder must not vote on a matter to achieve an outcome which is inconsistent with the agreement of the Rollco Shareholders, Rollco and realestate.com.au evidenced by the terms of the Rollco Constitution and the Shareholders' Deed.

realestate.com.au may vote to veto a resolution that is in respect of a matter that is inconsistent with the Shareholders' Deed or adverse to its interests from time to time as a Rollco Shareholder, having regard to the tenor and intention of the Rollco Constitution and the Shareholders' Deed.

Rights and liabilities attaching to B-Class Rollco Shares

Matter	Summary
Dividends	<p>Subject to the Corporations Act, the Rollco board may pay any interim and final dividends as, in their judgment, the financial position of Rollco justifies. realestate.com.au will have an effective veto power over payment of a dividend if it would be inconsistent with the Shareholders' Deed or adverse to realestate.com.au's interests from time to time as a Rollco Shareholder having regard to the tenor and intention of the Shareholders' Deed and the Rollco Constitution.</p> <p>Each B-Class Rollco Share and A-Class Rollco Share (other than the first A-Class Rollco Share held by realestate.com.au) confers an equal right to receive a dividend or distribution.</p>
Issue of further shares in Rollco	<p>Rollco currently has on issue one A-Class Rollco Share held by realestate.com.au.</p> <p>Under the Rollco Constitution, Rollco can issue B-Class Rollco Shares to Scheme Shareholders that make a valid Mixed Consideration Election, pursuant to the terms of the Scheme (see section 3.4 and 3.5 of this Scheme Booklet for details).</p> <p>Rollco is otherwise not permitted to issue additional shares, other than as agreed by the parties to, or if expressly required or contemplated under, the Shareholders' Deed.</p>
Variation of class rights	<p>The Corporations Act provides that Rollco may not vary or cancel rights attaching to a class of shares without the approval of a special resolution of the B-Class Rollco Shareholders and subject to realestate.com.au's veto rights (see section 6.6 of this Scheme Booklet for details).</p> <p>However, if realestate.com.au holds a B-Class Rollco Share, that B-Class Rollco Share will automatically be re-classified as an A-Class Rollco Share.</p>
Disposal of Rollco Shares	<p>After implementation of the Scheme, no disposal of B-Class Rollco Shares is permitted except as described in section 6.4 of this Scheme Booklet.</p>
Winding up	<p>Any resolution to voluntarily wind-up Rollco or to voluntarily enter into any form of insolvency procedure or arrangement with creditors generally, in circumstances where Rollco is not insolvent, must be passed by way of a special resolution of at least 75% of the votes cast by B-Class Rollco Shareholders. However, realestate.com.au may vote to veto such a resolution if it is inconsistent with the Shareholders' Deed or adverse to realestate.com.au's interests from time to time as a Rollco Shareholder, having regard to the tenor and intention of the Shareholders' Deed and the Rollco Constitution.</p>

Rights and liabilities attaching to B-Class Rollco Shares

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Each B-Class Rollco Share and A-Class Rollco Share (other than the first A-Class Rollco Share held by realestate.com.au) confers an equal right to participate in the profits or property of Rollco.

Amendments to Rollco Constitution

The Rollco Constitution may be modified (subject to specific voting rights and restrictions noted above) or repealed by a special resolution of at least 75% of the votes cast by B-Class Rollco Shareholders, provided that Bidco also provides prior written consent to the modification or repeal. However, realestate.com.au may only vote to veto such a modification or repeal if it is inconsistent with the Shareholders' Deed or adverse to realestate.com.au's interests from time to time as a Rollco Shareholder, having regard to the tenor and intention of the Shareholders' Deed and the Rollco Constitution.

Business opportunities and non-compete

The Rollco Constitution provides that a B-Class Rollco Shareholder which holds 5% or more of the total number of B-Class Rollco Shares on issue must comply with certain non-compete restrictions (see section 7.2 of this Scheme Booklet for details).

Financial reports

Rollco must prepare annual audited financial reports in accordance with Chapter 2M of the Corporations Act and send it to Rollco Shareholders by the earlier of 4 months after the year end or 21 days before its next AGM.

If Rollco is a public company, its financial report must also be laid before the AGM for consideration.

Put Options and Call Options

See section 6.4 above for details of Put Options and Call Options applicable to B-Class Rollco Shares.

6.6 Rights and liabilities attaching to A-Class Rollco Shares

At incorporation, Rollco issued one A-Class Rollco Share to realestate.com.au. The Rollco Constitution does not permit Rollco to issue additional A-Class Rollco Shares. As at the date of this Scheme Booklet, realestate.com.au intends to continue to hold the A-Class Rollco Share after the implementation of the Scheme.

The rights of realestate.com.au will differ from those rights enjoyed by B-Class Rollco Shareholders, as a result of the terms of the Rollco Constitution.

This section 6.6 sets out a summary of the significant rights and liabilities attaching to A-Class Rollco Shares. This summary is not exhaustive and should be read subject to the full terms of the Rollco Constitution set out in Annexure 8. iProperty Shareholders considering making a Mixed Consideration Election to receive both cash and shares in Rollco should read and understand the Rollco

Constitution in full and seek their own independent advice before making a decision.

Rights and liabilities attaching to A-Class Rollco Shares

Matter	Summary
Voting	<p>If there are no B-Class Rollco Shares on issue, realestate.com.au will have one vote per A-Class Rollco Share that they hold.</p> <p>If there are B-Class Rollco Shares on issue (which will be the case after the Scheme is implemented), A-Class Rollco Shares will confer no general right to vote, provided that realestate.com.au may vote to veto a resolution if the matter is inconsistent with the Shareholders' Deed or adverse to realestate.com.au's interests from time to time as a Rollco Shareholder having regard to the tenor and intention of the Shareholders' Deed and the Rollco Constitution, and that vote will be effective to veto the relevant matter regardless of the number or proportion of the votes recorded in favour of the resolution.</p>
Appointment of directors	<p>The current directors of Rollco, who were appointed by realestate.com.au, will resign upon the appointment of directors by the B-Class Rollco Shareholder(s) in accordance with the rules described in section 6.5 above.</p> <p>From implementation of the Scheme, realestate.com.au will not be entitled to appoint a director unless there are no B-Class Rollco Shares on issue.</p>
General meetings and notices	<p>realestate.com.au shall be entitled to receive notices of and to attend, in person, by corporate representative, by attorney or by proxy.</p> <p>realestate.com.au may only vote to veto a resolution that is in respect of a matter if the matter is inconsistent with the Shareholders' Deed or adverse to realestate.com.au's interests from time to time as a Rollco Shareholder having regard to the tenor and intention of the Shareholders' Deed and the Rollco Constitution, and that vote will be effective to veto the relevant matter regardless of the number or proportion of the votes recorded in favour of the resolution.</p>
Disposal of Rollco Shares	<p>After Implementation of the Scheme, no disposal of A-Class Rollco Shares is allowed, except a transfer to a Permitted Transferee if (1) the requirements described in section 6.4(a) of this Scheme Booklet are satisfied, and (2) REA's obligations under the Rollco Constitution continue in full force and effect or are otherwise assumed by an entity of equivalent financial substance to REA.</p>
Put Options and Call Options	<p>A-Class Rollco Shares are not subject to any Put Options or Call Options.</p>

7 Information regarding Bidco, Bidco Shares and the Shareholders' Deed

7.1 Bidco's capital structure and formula for determining entitlement to shares in Bidco

As at the date of this Scheme Booklet, Bidco has one ordinary share on issue, held by realestate.com.au. Upon implementation of the Scheme and following completion of the transfer of REA Austin's iProperty Shares to Bidco as described in section 5.7 of this Scheme Booklet, Bidco will have 187,699,917 ordinary shares on issue. Rollco will be entitled to hold a number of Bidco Shares equal to the number of B-Class Rollco Shares held by Scheme Shareholders. realestate.com.au will hold the remaining Bidco Shares.

7.2 Features of Rollco's investment in Bidco

iProperty Shareholders who make a valid Mixed Consideration Election will receive both cash and shares in Rollco, an unlisted Australian public company, in exchange for their Scheme Shares, if the Scheme is implemented.

Immediately after implementation of the Scheme, Rollco's only asset will be the Bidco Shares that it receives pursuant to the Transaction. The only other holder of Bidco Shares after implementation of the Scheme will be realestate.com.au.

In order to hold the Bidco Shares, Rollco will agree to be bound by the Shareholders' Deed set out in Annexure 7 and the Bidco Constitution. This section 7.2 sets out the key terms governing Rollco's investment in Bidco Shares under the Shareholders' Deed and the Bidco Constitution.

A complete copy of the Shareholders' Deed, which sets out the rights of Bidco Shareholders, is set out at Annexure 7. The Bidco Constitution is a standard form constitution for an Australian proprietary company, and the Shareholders' Deed prevails to the extent of any inconsistency. The description of the Shareholders' Deed and Bidco Constitution in this section 7.2 is a summary only and is not exhaustive. iProperty Shareholders considering making a Mixed Consideration Election to receive both cash and B-Class Rollco Shares should read and understand the Shareholders' Deed in full and seek their own independent advice before making a decision. If desired, iProperty Shareholders can obtain a copy of the Bidco Constitution by telephoning the iProperty Shareholder Information Line on 1300 721 637 (from within Australia) or +61 2 8016 2890 (from outside Australia).

Features of Rollco's investment in Bidco

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Board appointments	The Bidco board must comprise a minimum of 3 and a maximum of 7 directors or such other number as the board may determine. realestate.com.au may, so long as it holds 50% or more of Bidco's issued share capital, appoint a minimum of 4 directors or such higher number as necessary to represent a majority from time to time. Rollco may appoint 2 directors for so long as the B-Class Rollco Shareholders hold 50% or more of Rollco's issued share capital, or 1
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Features of Rollco's investment in Bidco

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director if the B-Class Rollco Shareholders hold less than a majority of Rollco's issued share capital.

Control of the Bidco Group will be centralised in Bidco and the Bidco board.

Board voting

The votes cast by a director will carry the proportionate weight of its appointing shareholder's holding (and if more than one director is appointed by a shareholder and present at the relevant board meeting, their votes at the relevant board meeting will carry that proportionate weight jointly).

A quorum for board meetings is one director appointed by realestate.com.au and one director appointed by Rollco. If a quorum is not present, then the meeting will be rescheduled to a time not more than 5 days later at which meeting the quorum is one director appointed by realestate.com.au and one director appointed by Rollco.

Board decision making

All board decisions are to be made by a simple majority of the board except for the following matters which require unanimous approval from Bidco directors for so long as Rollco has appointed, or is entitled to appoint, 2 directors to the board:

- approving or materially varying or departing from the annual budget;
- materially changing the nature of the Bidco Group's business; and
- undertaking acquisitions, disposals or projects valued above a prescribed threshold.

The Shareholders' Deed provides various mechanisms for resolving any of these matters if they cannot be agreed by the Bidco directors.

Shareholder reserved matters (requiring approval by holders of all shares)

Bidco Shareholders have one vote for each Bidco Share that they hold. Generally, matters to be passed by Bidco Shareholders at a general meeting must be passed by a simple majority, except for the following matters which require unanimous approval from Bidco Shareholders, including:

- adoption or amendment of the constitution;
- variation of class rights;
- capital reduction or share buy-back;
- giving of financial assistance;
- voluntary winding up;
- winding up by the court;

Features of Rollco's investment in Bidco

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- change of company name or type;
- transfer of company registration;
- corporate reconstructions;
- appointing an auditor;
- sale of the company;
- issuing new securities in Bidco, other than in emergency funding circumstances described below; and
- certain actions which discriminate against or selectively and adversely affect one shareholder disproportionately more than the other.

Related party transactions

Under the Shareholders' Deed, all related party transactions are to be on arms' length terms.

No obligation to provide funding

No Bidco Shareholder has any obligation to contribute further funding to the Bidco Group.

If the Bidco Group requires funding it will first seek to use any unused or unallocated cash reserves of the Bidco Group, followed by debt finance obtained from a third party finance provider on the best reasonably available commercial terms. Thereafter the Bidco Group will consider debt and/or equity funding from Bidco Shareholders.

Equity and debt funding will be subject to board approval, and where debt funding cannot be obtained from a third party finance provider on reasonable commercial terms, it will be sought from Bidco Shareholders on arms' length terms and offered to all Bidco Shareholders in proportion to their shareholdings in Bidco.

Issues of shares

If Bidco Shareholders approve the issue of shares in Bidco by way of a unanimous resolution, then each Bidco Shareholder may take up its pro rata entitlement (based on its holding of Bidco Shares in proportion to the total number of Bidco Shares) and also indicate how many (if any) additional shares it is willing to acquire in the event that the other Bidco Shareholder does not subscribe for its full entitlement. Any issue of shares in Bidco must take place at market value. If there is a shortfall, the shortfall shares will be allocated to the Bidco Shareholder who elects to take up the shortfall.

Any remaining shortfall may be issued to a third party approved by the board by a unanimous resolution.

If it is proposed that Bidco Shares be issued to Rollco, the parties to the Shareholders' Deed will negotiate in good faith to agree the terms on which a corresponding issue of debt or equity in Rollco to B-Class Rollco Shareholders will occur such that Rollco has the necessary

Features of Rollco's investment in Bidco

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funding to subscribe for the Bidco Shares.

Business opportunities and non-compete

Non-compete

Bidco Shareholders must not, directly or indirectly, engage in competing involvement in online property listings businesses in South-East Asia (which includes Hong Kong, Taiwan, Macau but excludes other parts of China, India and Japan) where the Bidco Group operates at the date of the Shareholders' Deed.

In addition, Bidco Shareholders and certain related parties must bring to Bidco all new business opportunities consistent with Bidco's business strategy in South-East Asia (which includes Hong Kong, Taiwan and Macau but excludes any other parts of China, Japan and India). Bidco will have the first right to pursue that opportunity, to the exclusion of Bidco Shareholders. If Bidco does not pursue that opportunity, individual Bidco Shareholders (or their relevant affiliates) may pursue the opportunity at their sole risk without breaching their non-compete obligations under the Shareholders' Deed, provided that they do not compete for revenue in any material respect with the Bidco Group or the Bidco Shareholders agree reasonable adjustments to the formulas for determining the FY16 Put Option and FY17 Put Option exercise prices.

Extension to shareholders of Bidco Shareholders

In addition, each B-Class Rollco Shareholder holding 5% or more of the total number of B-Class Rollco Shares and their controlling entities, REA and REA Group members are subject to the above non-compete obligations in the Shareholders' Deed.

Exceptions

At or following implementation of the Scheme, the above non-competition clauses do not apply to any Bidco Shareholder or certain related parties from being engaged in any holding company, manager or investment adviser (**Portfolio Manager**) of a minority or majority interest in a portfolio of online classified businesses operating, owned or acquired (whether wholly or in part) in South-East Asia (and elsewhere) (**Portfolio Interests**) at or following the Implementation Date.

However, if a Bidco Shareholder or Rollco Shareholder has a relevant interest in more than 50% of the issued securities in any such Portfolio Manager, that shareholder will use its best endeavours to ensure that neither the Portfolio Manager nor any Portfolio Interests compete in the online property portal market in countries which the Bidco Group operates as at the date of the Shareholders' Deed.

Emergency funding

Any Bidco Shareholder will be entitled to satisfy the Bidco Group's funding requirements in specified emergency scenarios relating to insolvency and breach of banking covenants / potential receivership by

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subscribing for securities in Bidco, provided that a Bidco Shareholder that did not provide any funds has an opportunity thereafter to participate for its pro-rata share of the funding requirement by having the Bidco Shareholder which initially provided the funding transfer to it, for the issue price, its pro-rata share of the securities issued.

The Bidco Shareholder that initially provided the funding must offer the relevant securities for transfer to the other Bidco Shareholder within 10 days of their issue and the other Bidco Shareholder has 60 days in which to purchase those securities.

Any issue of securities in any member of the Bidco Group must take place at market value which is at or below the Base Price (that is \$4.00).

If it is proposed that Rollco purchase or be issued securities in relation to emergency funding, Rollco must seek to issue new B-Class Rollco Shares only to those B-Class Rollco Shareholders who hold 5% or more and to whom an issue can be made without disclosure under Chapter 6D of the Corporations Act.

Transfers and encumbrances restricted

A Bidco Shareholder may not transfer or encumber shares in Bidco or any of its subsidiaries except if it is a Permitted Transfer, pursuant to a pre-emptive right or upon an event of default (see below).

Permitted Transfers

A shareholder may transfer all, but not some, of its Bidco Shares to a Permitted Transferee, provided that, in the case of realestate.com.au, REA's obligations as a guarantor for realestate.com.au remain in effect or are otherwise assumed by an entity of equivalent financial substance.

A Permitted Transferee is

- if the shareholder is a body corporate and there is no Ultimate Shareholder (as defined in the Shareholders Deed), an Affiliate (as defined in the Shareholders Deed) of the shareholder; or
- if the shareholder is a body corporate and the Ultimate Shareholder is a body corporate, an Affiliate of the Ultimate Shareholder.

Pre-emptive right

If a Bidco Shareholder wishes to sell its Bidco Shares, it must first offer the other Bidco Shareholder a right of first refusal. If the non-selling Bidco Shareholder does not make an offer or any offer is rejected, the selling Bidco Shareholder may then transfer all (but not some only) of its Bidco Shares to a qualified third party buyer, being a person of good standing, good repute and financial substance as reasonably determined by the non-selling Bidco Shareholder and the Bidco board.

Any such transfer must be on no more favourable terms than those offered to the non-selling Bidco Shareholder and any transferee must enter into a deed of accession to the Shareholders' Deed under which it assumes the rights and obligations of the party whose shares it has

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acquired.

Tag along right

If, after complying with the pre-emptive rights procedure, realestate.com.au or its related shareholders wishes to sell any of the Bidco Shares they own to a third party (other than News Corporation or any of its direct or indirect subsidiaries, in circumstances where REA's obligations as guarantor remain in effect or are otherwise assumed by an entity of equivalent financial substance), then realestate.com.au will procure that B-Class Rollco Shareholders may indirectly tag along on that transaction by way of a proportionate sale of B-Class Rollco Shares, or may accelerate their Tag Along Put Options and sell all their B-Class Rollco Shares at the Outperformance Amount (see section 6.4(b) of this Scheme Booklet for details).

Deemed tag along

If there is a change of control of iProperty or realestate.com.au, iProperty or realestate.com.au sells a majority of its assets or there is a change of control or de-listing of REA except where effected by News Corporation or any of its subsidiaries, realestate.com.au is deemed to provide a Tag-along Advice (as defined in the Shareholders' Deed) and B-Class Rollco Shareholders may accelerate their Put Options and sell their shares at the Outperformance Amount (see section 6.4(b) of this Scheme Booklet for details).

No compulsory acquisition

realestate.com.au agrees not to exercise any compulsory acquisition rights in respect of Bidco Shares that it may have from time to time under the Corporations Act.

Dividend policy

Subject to applicable law and the restrictions set out in any banking documents from time to time, dividends will be payable as determined by the board from time to time.

Default

If an event of default occurs in respect of a Bidco Shareholder:

- the Put Options and Call Options over B-Class Rollco Shares described in section 6.4(f) of this Scheme Booklet will apply (as applicable); and
- that shareholder's voting rights will be suspended until the relevant option has been exercised, or expired.

An event of default occurs in respect of Rollco or realestate.com.au if that party:

- materially breaches the Shareholders' Deed and does not remedy the breach within 20 business days of being given written notice of the breach from the other party;

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- breaches a non-compete obligation in the Shareholders' Deed;
- breaches a transfer restriction in the Shareholders' Deed;
- is subject to an insolvency event;
- is a corporation that undergoes a change of control;
- is prohibited from being a Bidco Shareholder by any change in any law; or
- in the case of Rollco, the Rollco Constitution or other constituent or governing document is varied without Bidco's prior written consent.

Information

Bidco must prepare monthly management reports, quarterly accounts and half year/full year audited accounts and provide them to board members. Board members may provide information they receive to their nominating shareholder.

Guarantee

REA guarantees the obligations of realestate.com.au, including in respect of Put Options and Call Options.

8 Bidco and Rollco pro forma financial information

8.1 Introduction

The financial information in this section 8 comprises:

- Bidco pro forma consolidated income statement for the twelve months ended 30 June 2015;
- Bidco pro forma consolidated balance sheet as at 30 June 2015; and
- Rollco pro forma balance sheet as at 30 June 2015.

The pro forma financial information has been prepared to illustrate the impact of the Scheme being implemented and consequently Bidco owning 100% of the iProperty Shares as if such transaction had occurred on 1 July 2014 (in the case of the income statement) or 30 June 2015 (in the case of the balance sheet).

8.2 Basis of preparation

The pro forma consolidated financial information has been prepared in accordance with the accounting policies of iProperty as set out in iProperty's audited financial statements as at 31 December 2014 and reviewed half year financial statements as at 30 June 2015. As REA currently expects that Bidco will continue with the same accounting policies as iProperty's existing accounting policies, there are no material adjustments necessary to the pro forma consolidated financial information to align accounting policies. Copies of iProperty's financial reports (from which the historical financial information is extracted) can be found on iProperty's website at www.iproperty-group.com and ASX website at www.asx.com.au. Unless otherwise stated, all information contained in this section is stated in Australian dollars, which will be Bidco's functional and presentational currency following implementation of the Scheme.

The assumption around the number of iProperty Shareholders who make a valid Mixed Consideration Election in each scenario does not have any impact on the total number of Bidco Shares on issue or the capitalisation of Bidco at the Implementation Date. Changes in this assumption only impact the aggregate cash amount which realestate.com.au is required to invest into Bidco for the purpose of satisfying the Aggregate Cash Consideration and the resulting additional Bidco Shares issued to the Rollco at the Implementation Date (see section 3.6(c) of this Scheme Booklet for further details regarding the number of Bidco Shares to be issued to Rollco). realestate.com.au will guarantee a third party iProperty working capital facility on arm's length terms and conditions or, if a third party working capital facility is not available, realestate.com.au will, as lender, provide a \$14 million, two-year working capital facility on commercial terms. For further details see section 11.6 of this Scheme Booklet.

The pro forma financial statements in this section 8:

- are presented in an abbreviated form insofar as they do not include all of the disclosures, statements or comparative information that are usually provided in an annual report under the Corporations Act;
- should be read in conjunction with the accounting policies of iProperty as disclosed in iProperty's financial reports and the risk factors in section 9 and other information in this Scheme Booklet; and
- are subject to risks and uncertainties that may result in Bidco future financial position and financial performance being different to the pro forma position and performance shown below.

8.3 Acquisition accounting

Assuming the Scheme is implemented, Bidco has been identified as the accounting acquirer of iProperty and therefore the acquisition of iProperty will be accounted for in accordance with *AASB 3 Business Combinations*. This requires the identifiable net assets of iProperty to be fair valued at the date of acquisition and any excess of the fair value of the consideration transferred over the fair value of net assets acquired (including identifiable intangibles) is recognised as goodwill.

The impact of fair value accounting cannot be accurately determined at this time, as a formal purchase price allocation exercise has not been carried out. For the purposes of the consolidated pro forma financial information:

- the fair value of the consideration transferred is assumed to be the Cash Consideration of \$4 per iProperty Share; the book values of iProperty's assets and liabilities are assumed to be representative of fair value; and the residual value recognised as goodwill;
- deferred tax balances arising from acquisition accounting have not been recognised; and
- relevant transaction costs incurred by iProperty associated with this transaction have been expensed.

The pro forma consolidated income statement does not include the impact of any increase in depreciation and amortisation charges which may result from fair value adjustments to or additional intangible assets recognised as part of the formal purchase price allocation exercise.

If the Scheme is implemented, a formal purchase price allocation exercise will be carried out (within the 12 month period allowed by the Accounting Standards) as at the Implementation Date which will ascertain the fair value of iProperty's assets, liabilities and contingent liabilities as well as the fair value of the consideration offered. All consideration in excess of iProperty's existing identifiable net assets at book value has, at this stage, been allocated to goodwill. It is likely that separately identifiable intangible assets will subsequently be identified. This may result in goodwill on acquisition being materially different to what is assumed in the pro forma consolidated balance sheet. Net profit after tax will decrease as a result of the requirement to amortise any identified intangible assets over their estimated useful life. This will not, however, have an impact on cash flows.

The tax carrying value of iProperty's assets will also be required to be reset once 100% ownership has been achieved which may result in a change in the deferred tax balances of the consolidated Bidco.

8.4 Bidco pro forma consolidated income statement

The pro forma income statement below sets out the unaudited consolidated income statement of Bidco for the 12 months to 30 June 2015 on the basis of the following assumptions:

- the Scheme was implemented and Bidco became the owner of 100% of the iProperty Shares on 1 July 2014;
- the new capital structure for Bidco was in place on 1 July 2014;
- underlying results have been adjusted to exclude the iProperty transaction expenses incurred in recent acquisitions and this transaction, along with other significant non-recurring items;

- underlying results have been adjusted to include the revenue and expenses of acquisitions made by iProperty during the year ended 30 June 2015 as if these acquisitions had taken place on 1 July 2014;
- that there is no material change to the revenues and operating expenses of the iProperty business under new ownership; and
- on 7 October 2015, iProperty acquired Prakard.com in Thailand for the purchase price of approximately \$2.7m. The operating results of the entity have not been incorporated as they are not considered to be material.

The following information is provided for illustrative purposes only and is not represented as being indicative of the future financial performance of Bidco. The below pro forma consolidated income statement is presented based on the twelve months to 30 June 2015 as opposed to the twelve months to 31 December 2014.

This is on the basis that:

- the twelve months results to 30 June 2015 for iProperty have been derived from accounts that have been audited or audit reviewed; and
- the purpose of these illustrative pro forma statements is to illustrate the impact of the new capital structure.

Bidco consolidated income statement

\$ in millions	iProperty twelve months ended 30/6/15 ¹	Pro forma Adjustments ²	Removal of one-off non- recurring ³	Bidco Group Pro forma 30/6/15 ⁴
Revenue from continuing operations	25.9	4.7	-	30.6
Realised gain on sale of AFS investments	-	-	-	-
Revenue	25.9	4.7	-	30.6
Advertising and marketing expenses	(3.6)	(0.6)	-	(4.2)
Employment expenses	(15.3)	(1.5)	-	(16.8)
Premises and infrastructure expenses	(2.2)	(0.3)	-	(2.5)
Offline production costs	(3.2)	-	-	(3.2)
Other expenses	(1.3)	(1.6)	-	(2.9)
Depreciation and amortisation	(0.7)	(0.5)	-	(1.2)
Impairment of goodwill, intangibles, property, plant and equipment	-	-	-	-
Employee options expense and long term incentives	(2.4)	(0.8)	0.8	(2.4)
Transaction advisory costs	(0.6)	(9.9)	10.5	-
Total expenses	(29.3)	(15.1)	11.3	(33.1)
Interest income	0.3	-	-	0.3
Profit/(loss) before tax	(3.1)	(10.4)	11.3	(2.2)
Income tax expense	(0.2)	-	-	(0.2)
Profit/(loss) for the year	(3.3)	(10.4)	11.3	(2.4)
Other comprehensive income/(loss)				
Other comprehensive income to be reclassified to profit or loss in subsequent periods	-	-	-	-

\$ in millions	iProperty twelve months ended 30/6/15¹	Pro forma Adjustments²	Removal of one-off non-recurring³	Bidco Group Pro forma 30/6/15⁴
Exchange differences on translation of foreign operations	0.2	-	-	0.2
Other comprehensive income for the year	0.2	-	-	0.2
Total comprehensive income/(loss) for the year	(3.1)	(10.4)	11.3	(2.2)

Notes:

- 1 The figures in the table above in the column headed "iProperty twelve months ended 30 June 2015" shows the consolidated income statement for iProperty for the twelve months to 30 June 2015. The figures have been prepared by aggregating the reported income statement for the six months to 30 June 2015 and the six months to 31 December 2014. The figures for the six months to 31 December 2014 were calculated by taking the reported figures for the twelve months to 31 December 2014 and deducting the reported figures for the six months to 30 June 2014. The financial report for the year ended 31 December 2014 from which these figures were extracted was subject to audit by Ernst & Young (EY). The financial reports for the six months ended 30 June 2014 and 30 June 2015 were subject to review by EY. The respective audit and review opinions were unqualified.
- 2 Pro forma adjustments to expenses that will be recognised upon implementation of the Scheme have been included as well as annualisation of revenue and expenses of acquisitions that occurred during FY2015. The adjustments include transaction costs incurred by iProperty in connection with the successful implementation of the transaction of \$9.9m (including professional fees), vesting of options currently on issue of \$0.8m and annualisation of profit from acquisitions that have not been held for a full year. Squarefoot.com.hk was acquired on 22 December 2014 and its operating revenue and expenses for the period 1 July 2014 to 22 December 2014 have been included as a pro forma adjustment. ThinkOfLiving.com was acquired on 1 April 2015 and its operating revenue and expenses from 1 July 2014 to 30 March 2015 have been included as a pro forma adjustment. (Note: due to the timing of the acquisition, iProperty have only provided provisional acquisition accounting. It is probable that these balances will change once the acquisition accounting is finalised). Adjustments to depreciation and amortisation are to annualise the effect of historical acquisitions, and not purchase accounting adjustments on acquisition by REA Group.
- 3 These adjustments remove the impact of one-off items. These include accelerated option vesting costs arising from a change in control, transaction costs that was incurred as part of the acquisition of Squarefoot.com.hk from the REA Group, ThinkOfLiving.com and transaction fees payable by iProperty upon completion of this transaction.
- 4 Represents the Bidco consolidated pro forma income statement for the twelve months ended 30 June 2015.

8.5 Bidco pro forma consolidated balance sheet

The pro forma consolidated balance sheet set out below has been derived from iProperty's historical balance sheet as extracted from their audit reviewed half year financial report at 30 June 2015. The pro forma balance sheet below sets out the unaudited pro forma consolidated balance sheet of Bidco at 30 June 2015 on the basis of the following assumptions:

- the Scheme was implemented and Bidco became the owner of 100% of the iProperty Shares on 30 June 2015; and
- the new capital structure for Bidco was in place on 30 June 2015.

Bidco consolidated balance sheet

\$ in millions	iProperty 30/6/15 ¹	Pro forma Adjustments ²	Bidco Group Pro forma 30/6/15 ³
Current assets			
Cash and cash equivalents	6.0	-	6.0
Trade and other receivables	5.1	-	5.1
Other assets	1.0	-	1.0
Total current assets	12.1	-	12.1
Non-current assets			
Property, plant and equipment	1.2	-	1.2
Intangibles	5.7	-	5.7
Goodwill	38.9	715.6 ^a	754.4
Other non-current assets	0.2	-	0.2
Total non-current assets	46.0	715.6	761.6
Total assets	58.1	715.6	773.7
Current liabilities			
Trade and other payables	3.2	12.5 ^{b,c}	15.7
Billing in advance	6.0	-	6.0
Contingent consideration	5.1	-	5.1
Provisions	1.0	-	1.0
Current tax liabilities	0.1	-	0.1
Total current liabilities	15.4	12.5	27.9
Non-current liabilities			
Deferred contingent consideration	7.5	-	7.5
Total non-current liabilities	7.5	-	7.5
Total liabilities	22.9	12.5	35.4
Net assets	35.2	703.1	738.3
Equity			
Issued capital	54.0	696.8	750.8
Reserves	1.9	(1.9)	-
Accumulated losses	(20.7)	8.2	(12.5)
Total equity	35.2	703.1	738.3

Notes:

- 1 Represents iProperty's reviewed balance sheet extracted from the audit reviewed 30 June 2015 Half Year Financial Report.
- 2 The pro forma adjustments reflect the following:
 - (a) goodwill arising on consolidation of iProperty by Bidco. The difference between the assumed fair value of the consideration \$750.8m less the net assets acquired of \$35.2m;
 - (b) accelerated vesting of options currently on issue to be settled in cash. The total amount payable is expected to be \$2.6m; and
 - (c) transaction costs relating to the successful implementation of the Scheme incurred by iProperty of \$9.9m.
- 3 Represents the Bidco consolidated pro forma balance sheet at 30 June 2015.

8.6 Rollco pro forma balance sheet

iProperty Shareholders will receive cash consideration of \$4.00 per iProperty Share unless they make a valid Mixed Consideration Election to receive the Mixed Consideration comprising cash and shares in a newly formed, unlisted public company, Rollco. This option will be offered to all iProperty Shareholders with a pro rata Scale Back if shareholder elections would result in Rollco's shareholding in Bidco exceeding 20%.

The pro forma balance sheet below sets out the unaudited pro forma balance sheet of Rollco at 30 June 2015 on the basis of the following assumptions:

- the Scheme was implemented and Bidco became the owner of 100% of the iProperty Shares on 30 June 2015;
- the new capital structure for Bidco was in place on 30 June 2015; and
- iProperty Shareholders holding in aggregate at least 53,628,547 Scheme Shares make a valid Mixed Consideration Election, such that Rollco has a 20% shareholding in Bidco.

Rollco balance sheet

\$ in millions	Rollco 30/6/15 ¹	Pro forma Adjustments ²	Rollco Pro forma ³
Current assets			
Investment in Bidco	-	150.2	150.2
Total current assets	-	150.2	150.2
Total assets	-	150.2	150.2
Total liabilities	-	-	-
		-	
Net assets	-	150.2	150.2
Equity			
Issued capital	-	150.2	150.2
Total equity	-	150.2	150.2

Notes:

- 1 Represents Rollco's unaudited balance sheet pre transaction at 30 June 2015.
- 2 The pro forma adjustments reflects the investment arising on acquisition by Rollco of its shareholding in Bidco and the corresponding share capital issued by Rollco to Scheme Shareholders who have made a valid Mixed Consideration Election.
- 3 Represents the Rollco pro forma balance sheet at 30 June 2015.

9 Risk factors

9.1 Introduction

In considering the Scheme, you should be aware that there are a number of risk factors, both general and specific associated with the Scheme.

This section outlines:

- risk factors relating to the business and operations of iProperty (see section 9.2 of this Scheme Booklet); and
- risk factors relating to the Bidco Shares and the B-Class Rollco Shares (see section 9.3 of this Scheme Booklet).

These risks will not apply to Scheme Shareholders that do not make a Mixed Consideration Election and instead receive the Cash Consideration, as they will not hold any B-Class Rollco Shares.

The outline of risks in this section 9 is a summary only and should not be considered exhaustive. This section 9 does not purport to list every risk that may be associated with an investment in Rollco now or in the future, and the occurrence or consequences of some of the risks described in section 9 may be partially or completely outside the control of the REA Group, Rollco, Bidco or iProperty, their respective directors and senior management teams.

These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of iProperty Shareholders. Before making a Mixed Consideration Election, you should have a sufficient understanding of these matters having regard to your own individual risk profile, portfolio strategy, investment objectives, financial circumstances and taxation position. If you do not understand any part of this Scheme Booklet or are in any doubt as to how to vote in relation to the Scheme, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding how to vote.

You should carefully consider the risk factors discussed in this section 9, as well as the other information contained in this Scheme Booklet before voting on the Scheme.

9.2 Risks relating to the business and operations of iProperty

In considering the Scheme, you should be aware that there are a number of general risk factors as well as risks specific to iProperty and / or the industries in which it operates, which could materially and adversely affect the future operating and financial performance of iProperty.

Many of these risks are currently relevant to iProperty Shareholders and will only continue to be relevant to iProperty Shareholders if:

- the Scheme does not proceed and you retain your current investment in iProperty; or
- the Scheme proceeds and you have made a valid Mixed Consideration Election, so that you receive B-Class Rollco Shares which give you an indirect exposure to the business of iProperty through Rollco's shareholding in Bidco and Bidco's holding of iProperty.

iProperty Shareholders should note that, as a result of the Put Options and Call Options granted over B-Class Rollco Shares, the price which will be received for B-Class Rollco

Shares when they are sold to realestate.com.au upon the exercise of a put or call option is limited to the range³⁴ of \$4.14 (assuming the least favourable non default outcome)³⁵ and \$5.29 (assuming the most favourable outcome, which may not be achieved),³⁶ noting that in certain limited circumstances, involving events of default by B-Class Rollco Shareholders or Rollco under the Shareholders' Deed or Rollco Constitution, B-Class Rollco Shares may be purchased by realestate.com.au at \$4.00.³⁷ For further information in relation to this see sections 6.4(b), 6.4(c) and 6.4(f) of this Scheme Booklet.

(a) Failure to retain existing clients and attract new business

iProperty's business is dependent on its ability to retain its existing clients and attract new clients. iProperty's business relies on its clients regularly using its online platform to advertise real estate opportunities, exposing it to the risk of clients no longer using iProperty's platform if more attractive advertising channels are developed.

The foregoing may occur for a number of reasons, including failure by iProperty to deploy sufficient resources to create a user-friendly platform, use of alternative devices or technologies by clients and users, more successful targeting of developers and agents by competitors, the introduction of a competing product that is perceived by developers and agents to be superior or the introduction of a product by iProperty which is perceived as inferior.

Any such event could reduce iProperty's overall client base, which could have an adverse impact on iProperty's business, financial performance and operations.

(b) Failure to grow paying user base and increase average revenue per paying user

iProperty may not be able to successfully implement its strategy of increasing its paying client base and increasing its average revenue per paying client, either due to a failure to migrate clients to its online platform, assumptions underlying management's expectations not materialising or otherwise.

iProperty has invested heavily in developing its online real estate platforms. There is a risk that the market for online real estate advertising develops more slowly than iProperty expects and that online advertising in the real estate markets in the countries it operates in does not achieve and sustain high levels of client demand and market acceptance. Even if online advertising develops rapidly, there is an inherent risk in change management (i.e. migrating clients to online advertising platforms), as well as a potential need to increase investment in product development to meet client needs and demands. A failure to meet such requirements could result in a loss of clients.

A failure of iProperty online products in any of these respects could have an adverse impact on iProperty's business, financial performance and operations.

³⁴ For further information see section 1.4(d) of this Scheme Booklet.

³⁵ This assumes a sale of B-Class Rollco Shares occurs during the first exercise window after Bidco's FY16 financial statements are released and that there is a failure to achieve the FY16 revenue hurdle. For further information see sections 6.4(b) and 6.4(c) of this Scheme Booklet.

³⁶ This assumes a sale of B-Class Rollco Shares during the second exercise window after Bidco's FY17 financial statements are released, and achievement of the highest FY17 revenue and EBITDA hurdles, which may not occur. For further information see sections 6.4(b) and 6.4(c) of this Scheme Booklet.

³⁷ B-Class Rollco Shares may only be purchased by realestate.com.au at \$4.00 if either Rollco commits an 'Event of Default' under the Shareholders' Deed or Rollco Constitution (in which case realestate.com.au may purchase all B-Class Rollco Shares then on issue at \$4.00) or if a B-Class Shareholder commits an 'Event of Default' under the Rollco Constitution (in which case realestate.com.au may purchase that B-Class Rollco Shareholder's B-Class Rollco Shares at \$4.00). For further information see section 6.4(f) of this Scheme Booklet.

(c) **Decline in general economic and property sector conditions**

iProperty currently provides advertising products to a large number of real estate agents and developers, across a number of Asian countries, who are susceptible to changes in economic conditions in those markets.

There is a risk that a downturn in the economy of any of the countries in which iProperty operates could negatively impact the real estate sector in those markets. It could also lead to iProperty clients closing their businesses or reducing the size of their businesses, or seeking to reduce their expenses.

In addition, the general state of the property markets in the countries in which iProperty operates are subject to factors outside the control of iProperty. These factors include the general market outlook and interest rates. While the property markets in many of the countries in which iProperty operates have generally demonstrated long term upward trends, there have been cyclical variations from time to time. Should the markets enter a downward cycle, this may have a broader impact on the ability of iProperty to grow as predicted.

These are outcomes that may ultimately have an adverse impact on iProperty's business, financial performance and operations if users stop using or reduce their use of iProperty products or platforms.

(d) **iProperty operates in a competitive industry**

iProperty's operations are significantly technology-focused, and the development of competitive and disruptive technologies could impact iProperty's operating performance as well as the success and awareness of its brand, the loyalty of its user base, its relationship with developers and real estate agents, and the relevance and relative usefulness of its products.

iProperty competes against other providers of online (and traditional) advertising and marketing products, platforms and solutions and any change in the foregoing competitive factors or others may impact iProperty's ability to retain existing and attract new users. As such, there is a risk that:

- existing competitors could increase their competitive position through aggressive marketing campaigns, product innovation or price discounting;
- iProperty could seek to implement changes to existing software products that are not well received by clients or that do not function as intended;
- iProperty may fail to anticipate and adapt to technology changes or client expectations at the same rate as that of competitors; and
- new competitors could enter the markets within which iProperty operates, particularly as advertising continues to move online in the markets in which iProperty operates.

These factors could in turn have an adverse impact on iProperty's business, financial performance and operations because a significant increase in competition for any of these reasons could result in iProperty's products and platforms becoming less attractive to users or clients, require iProperty to increase its marketing or capital expenditure, or require iProperty to lower its margins or alter other aspects of its business model to remain competitive.

(e) **The cost of online marketing may increase and/or its effectiveness may decrease**

The growth in new developer and agent clients depends in part on the effectiveness of the online marketing efforts of iProperty. There is a risk that iProperty's online advertising may become less effective or more expensive as a result of, among other things:

- changes to the algorithms or terms of service of search engines, such as Google, which cause iProperty, or websites of its businesses, either to be ranked lower or be excluded from search results;
- increased competition or costs associated with bidding for search engine key words; and
- increases in the cost of online display advertisements. If the costs of online advertising materially increase or the effectiveness of iProperty's online marketing strategies decreases, iProperty may be unable to continue to grow at the same rate or as profitably.

Such events could have an adverse impact on iProperty's business, financial performance and operations.

(f) Sustainability of growth

iProperty is currently in a growth phase and the future strong growth in sales and profitability of iProperty is dependent on a number of factors, including iProperty's ability to win new customers and launch new products on a profitable basis and to retain and grow revenues from existing customers. This organic growth is conditional on the continued performance of iProperty's various channels to market, the ongoing achievement of sales objectives by iProperty's sales teams and the provision of a consistent high quality customer service experience.

If any of these growth factors were negatively impacted and growth was impaired then the financial performance and reputation of the business would be negatively impacted. In addition, if iProperty is unable to manage its growth successfully, including through the successful recruitment, training, integration and management of the large increase in staff required to support growth, it may not be able to take advantage of market opportunities, satisfy customer requirements, execute its business plan or respond to competitive pressure. This could have an adverse impact on iProperty's business, financial performance and operations.

(g) Investment in product development, maintenance and support

iProperty's business relies on continued investment in its platform and product suite. There is a risk that in upgrading current, or introducing new, platforms or products, iProperty may need to:

- spend more on product development than anticipated (particularly if new technologies or delivery mechanisms are developed or deployed by its competitors); or
- successfully respond to new accounting standards, government regulations, technological developments and market opportunities.

This could lead to reduced returns on new products as well as delays in taking products to market. There is also a risk that iProperty users receive inadequate support as they migrate to the cloud, which could affect the client experience and iProperty's brand, adversely impacting iProperty's business, financial performance and operations.

(h) Relationship with third party IT suppliers

iProperty relies on certain contracts with third party suppliers to maintain and support its IT infrastructure, particularly related to its online platforms. iProperty's influence over these third parties is limited and if any such contracts are terminated for any reason, or there are any system failures that cause prolonged interruptions, this could adversely impact iProperty's business, financial performance and operations.

iProperty could face significant additional cost or business disruption if:

- any such providers fail to enable iProperty to provide its users with reliable, real-time access to its products and any of the data of its users stored in such data centres. Any material future outages could cause damage to iProperty's brand, reputation and user relationships; or
- iProperty's arrangements with such providers are terminated or altered in a way that is detrimental to iProperty and iProperty cannot find alternative sources of technology or systems on commercially reasonable terms or on a timely basis.

These events could have an adverse impact on iProperty's business, financial performance and operations.

(i) IT infrastructure

iProperty and its users and clients are dependent on the performance, reliability and availability of iProperty's technology platforms and third party data centres. iProperty may fail to design, build and maintain a technology platform which is appropriate to its business in the future. Some examples of how iProperty's technology platform may be compromised, and operational issues that iProperty may experience which are beyond iProperty's control, include:

- outages at third party data centres that host iProperty's products;
- external malicious interventions such as hacking; or
- a force majeure event that affects the information technology systems of either iProperty or its suppliers, including interruption by fire, natural disaster, power loss, telecommunications failures, terrorist attacks, acts of war, internet failures, computer viruses or other events beyond iProperty's control.

If iProperty's technology platform is compromised or suppliers' IT infrastructure and systems prove insufficient, iProperty's ability to reliably service its users may be compromised, which in turn may have an adverse effect on iProperty's brand, reputation and user relationships. This may have an adverse impact on iProperty's business, financial performance and operations.

(j) Security breach and data privacy

iProperty may be adversely affected by malicious third party applications that interfere with, or exploit security flaws in, its products and platforms. Viruses, worms and other malicious software programs could, among other things, jeopardise the security of information stored in a user's computer or in iProperty's computer systems or attempt to change the Internet experience of users by interfering with iProperty's ability to connect with its users. It is possible that the measures taken by iProperty will not be sufficient to prevent unauthorised access to, or disclosure of, confidential and proprietary information. Any accidental or wilful security breaches or other unauthorised access of iProperty's data may subject iProperty to reputational damage, claims by users, loss of key users, legal action and regulatory scrutiny.

Data stored in centralised data centres require additional security protection that desktop software does not, so the potential impact of this risk becomes more significant as the number of users and clients of iProperty's platforms and products grows.

Any broader data or privacy security issues experienced by cloud or internet companies in the countries in which iProperty operates (or elsewhere) could adversely impact trust in online solutions generally, which may have a material adverse effect on iProperty's ability to migrate users to its online products and platforms and generate revenue growth.

The above events and factors could have an adverse impact on iProperty's business, financial performance and operations.

(k) Reputational damage

The iProperty brand is important in attracting and maintaining clients. Negative publicity associated with iProperty, for example as a result of poor client service, a data security breach or a poor product release or functionality, may damage its reputation, potentially reducing iProperty's client base and ability to attract new clients, and thus adversely impacting iProperty's business, financial performance and operations.

(l) Breach of third party intellectual property rights

iProperty relies on innovation in order to ensure its products remain competitive. There is a risk that in pursuing product innovations, or purchasing intellectual property from third parties, iProperty may breach the intellectual property rights of one or more third parties. This could result in disputes or litigation which could cause delays, increase costs or have an adverse impact on iProperty's business, reputation, financial performance and operations. This could also require iProperty to cease using the disputed intellectual property rights, which could lead to a reduction in revenue, a loss of goodwill and/or a gap in product functionality. In turn, this could have an adverse impact on iProperty's business, financial performance and operations.

(m) Failure to protect intellectual property rights

iProperty regards substantial elements of its websites, software tools, applications, databases and underlying technology as proprietary and relies on its intellectual property rights (including trade secrets, copyright in or relating to its software products and trademarks). iProperty may fail to protect its intellectual property rights for a number of reasons. Monitoring unauthorised use of iProperty's intellectual property is difficult and may require the commitment of a large amount of financial resources. iProperty may be unable to detect the unauthorised use of its intellectual property rights

Actions taken by iProperty to protect its intellectual property may not be adequate or enforceable and may not prevent the misappropriation of its intellectual property and proprietary information or deter independent development of similar software solutions by others.

If there has been a failure to protect iProperty's intellectual property, iProperty may need to initiate litigation, such as infringement or administrative proceedings, to assert and protect its intellectual property rights. Litigation can be costly, lengthy and unpredictable and may result in an unfavourable determination against iProperty. Any failure to adequately protect intellectual property rights may adversely impact iProperty's business, financial performance and operations.

(n) Ability to attract and retain key personnel

iProperty's success depends upon the continued services of its key executive officers and senior management team (including key members of its technology team). While iProperty strives to retain key personnel, the loss of one or more key personnel may adversely impact iProperty's business, financial performance and operations.

(o) Integration of acquired businesses and execution of new acquisitions

iProperty has expanded through acquisitions in the past and may do so in the future. Future acquisitions present challenges and risks relating to the integration of each business into iProperty's operations. The acquired businesses could consume a disproportionately large amount of management time and attention during integration, and the acquisitions may fail to meet strategic objectives, generate the anticipated improvement in financial performance, or produce other expected synergies.

iProperty has undertaken financial, business and other analysis in respect of its past acquisitions, and expects to do so in respect of any future acquisitions. It is possible that such analysis drew (or will draw) conclusions and forecasts that were (or may be)

inaccurate, or which will not be realised in due course, that may in turn adversely impact iProperty's business, financial performance and operations.

Any future proposals to expand by acquisition (for example into new geographical markets) may be affected by factors beyond the control of iProperty (including without limitation, commercial or regulatory changes), which may result in there being limited or unsuitable acquisition opportunities at the relevant time or unforeseen costs or risks and such future initiatives may not perform as intended.

(p) Adverse movements in exchange rates may occur

iProperty's financial statements are presented in Australian dollars. However, all of iProperty's sales revenue, expenditures and cash flows are generated in, and assets and liabilities are, denominated in foreign currencies. As a result, any foreign exchange rate movements between the Australian Dollar and other currencies (most significantly the Malaysian Ringgit and Hong Kong Dollar) could adversely impact the Company's business, financial performance and operations.

(q) Litigation

iProperty may in the ordinary course of business be or become involved in litigation and disputes, for example with suppliers or customers. Any litigation or dispute could be costly and damaging to iProperty's reputation and business relationships, which could have an adverse effect on its business financial performance, operations and industry standing.

(r) Impairment of goodwill and other assets

A substantial portion of iProperty's total assets consist of goodwill and certain other assets including brands, customer relationships, commercialised software, acquired intellectual property and capitalised internally developed software that may become impaired.

iProperty tests goodwill and certain intangible and other assets annually, and on an interim date if impairment indicators become apparent that would require an interim test of these assets. If the carrying value of goodwill and certain other assets is revised downward due to impairment, such changes could adversely affect iProperty's net income position.

(s) Political stability risk in some of the countries in which iProperty operates

As a regional operator, iProperty is subject to operating risks as a result of adverse changes in the economic, social, legal and political conditions in other countries in its sphere of operations which currently extend to Singapore, Hong Kong, Indonesia, India, Thailand, the Philippines and Macau.

iProperty operates in countries and a region that have historically been subject to changes in political power which can have immediate and significant effects on business. For example, regimes in Thailand and the Philippines have in the past been subject to military coups and political instability. The future may contain further coups, military activity, revolutions and anarchy. Such developments may adversely impact iProperty's business, financial performance and operations.

(t) Language and culture risk

As iProperty operates across different countries employing different local languages and different cultures, there may be risks if senior management are not fluent in the languages of the regions in which they operate or are not knowledgeable of the aspects of each culture. iProperty may inadvertently perform or communicate to users or customers in a negative way, which may have an impact on operations and future prospects.

(u) **Regulatory risk and changes in local government regulations**

iProperty is required to comply with a range of laws and regulations. The introduction of any new laws or changes to existing laws (or government policies) may require iProperty to obtain additional approvals, licences and or incur additional costs and this could therefore have an adverse impact on the business, financial performance and operations of iProperty.

At present, the internet operations of iProperty are not subject to direct legislation in any country in which it operates, apart from the regulations generally applicable to business. Future legislative or regulatory proposals may lead to laws or regulations concerning various aspects of the Internet, including online content, liability for third party activities, user privacy and jurisdiction.

Changes in or extensions of laws and regulations affecting either the property industry or Internet business operations in the countries in which iProperty operates and the rules of industry organisations could restrict or complicate iProperty's activities and significantly increase its compliance costs. Such costs increases may have an adverse effect on the business, financial performance and operations of iProperty.

Changes in relevant taxes, including any change in tax arrangements between Australia and other jurisdictions relevant to iProperty's businesses, could have an adverse impact on the business, financial performance and operations of iProperty.

Any new or changed laws or regulations (in particular relating to areas such as data privacy or internet regulation) in any of the countries in which it operates could require iProperty to increase its spending on regulatory compliance and/or change its business practices, which could adversely affect iProperty's financial performance.

(v) **Foreign ownership restrictions**

Various countries in which iProperty operates or may operate in the future, may be subject to changes in the laws of foreign ownership of internet based and media companies that may affect corporate structures employed by iProperty, as well as the ability to repatriate future profits. There is a risk that future legislation may negatively affect iProperty's growth prospects and the value of its regional assets, thus having an adverse impact on iProperty's business, financial performance and operations.

9.3 Risk factors relating to Bidco Shares issued to Rollco and B-Class Rollco Shares

(a) **Lack of liquidity**

Rollco is (and will continue to be) an unlisted company. There will be no active market for the sale and purchase of B-Class Rollco Shares following implementation of the Scheme. A Rollco Shareholder who wishes to dispose of their shares will need to comply with the disposal provisions in the Rollco Constitution (see section 6.4 above). The lack of liquidity associated with B-Class Rollco Shares may affect the value of those shares (notwithstanding that the financial performance of Rollco and iProperty might suggest the value of those shares is higher). The only opportunity for the holders of B-Class Rollco Shares to exit their investment will be via the limited 'Permitted Transfer' regime and the put and call options described in section 6.4 of this Scheme Booklet.

(b) **Dilution in Rollco's interest in Bidco**

Bidco may need to raise additional capital in the future in order to meet the operating and/or financing requirements of itself and iProperty. Subject to the terms of the Shareholders' Deed described in section 7 of this Scheme Booklet, future capital raisings by Bidco may dilute the holding of Rollco relative to realestate.com.au. In the event that further equity funding is required, assuming Rollco does not vote against such equity

raising (given it is a shareholder reserved matter under the Shareholders' Deed described in section 7.2 of this Scheme Booklet) or certain limited circumstances occur where Rollco cannot veto an equity raising, Rollco's stake in Bidco will be diluted if it does not participate. Individual Rollco shareholders may not be able to independently influence any decision of Rollco to participate in such capital raising. However it should be noted that, notwithstanding any dilution, the ultimate exit price for a holder of B-Class Rollco Shares sold as a result of exercise of an option will not be impacted by the dilution – that is, in normal circumstances when an option is exercised in the first or second Exercise Period, the price paid for a B-Class Rollco share is dependent only on the achievement of the Hurdles, and is not influenced by the number of Bidco Shares on issue. In other circumstances where an option is exercised (eg in the case of an event of default) the price paid for B-Class Rollco Shares is similarly unaffected by the number of Bidco Shares on issue. For further information see section 6.4 of this Scheme Booklet.

(c) **ASX Listing Rules**

As a listed company, iProperty is currently subject to the ASX Listing Rules, which provide a number of protections for shareholders in addition to the requirements of the Corporations Act, including in respect of the issue of shares, changes to activities, periodic disclosures and other shareholder protections. As Rollco will not be a listed company, holders of B-Class Rollco Shares will not have these protections available to them. Rather, their rights will be as described in section 6 of this Scheme Booklet which may not provide the same level of protection, disclosure and oversight currently available to iProperty Shareholders.

(d) **Rollco Shareholder structure**

As reflected in section 6 of this Scheme Booklet and as is customary for non-listed companies, larger shareholders in Rollco will have a relatively high degree of power in respect of Rollco's activities. Accordingly, if one or two substantial iProperty Shareholders make a Mixed Consideration Election and are issued B-Class Rollco Shares, smaller Scheme Shareholders who also make Mixed Consideration Elections may have a relatively small degree of influence over Rollco, including its decisions in respect of Bidco and therefore the business of iProperty, Bidco's sole asset. Furthermore, if Rollco breaches the Shareholders' Deed, realestate.com.au may require that all B-Class Rollco Shares must be transferred to realestate.com.au at the Base Price (that is, \$4.00) (see section 6.4(f) of this Scheme Booklet for more details). Similarly, if Rollco breaches the Rollco Constitution, realestate.com.au may elect to acquire all B-Class Rollco Shares at the Base Price (that is, \$4.00). Individual holders of B-Class Rollco Shares may have no control over whether Rollco breaches the Shareholders' Deed or the Rollco Constitution. Smaller shareholders should consult with their professional advisors and carefully consider whether this potentially constrained level of influence is compatible with their investment profile and preferences before making a Mixed Consideration Election.

(e) **Due diligence and reliance on information**

Before executing the Scheme Implementation Deed, the REA Group undertook due diligence in respect of iProperty on information provided for the purpose of considering the acquisition of iProperty and negotiating the Scheme Implementation Deed. Such investigations were carried out in a limited timeframe. The REA Group is satisfied that it has sufficient information to proceed with the Scheme. The REA Group has prepared these risks on the basis of information regarding the iProperty Group that is known to REA and accordingly there may be other risks associated with iProperty which are presently unknown to the REA Group. Additionally, there is a risk that the information currently available to REA in respect of iProperty may contain inaccuracies or have changed due to changes in the economy or other risk factors outside the control of either the REA Group or iProperty.

After implementation of the Scheme, Rollco will be subject to any unknown liabilities of iProperty which may have an adverse effect on Rollco's performance and financial condition.

(f) Change of control provisions

Upon implementation of the Scheme, a change of control in iProperty will occur. It is possible that material contracts to which iProperty is a party may be subject to pre-emptive rights, review or termination upon this change of control. While the REA Group is not aware of any counterparty that may wish to terminate a material contract, should any such contracts be terminated, iProperty would lose the benefit of the contract and may be unable to obtain similar terms upon entry into replacement contracts (should such replacement contracts be available).

(g) Availability of tax losses

Upon implementation of the Scheme, the resulting change of control in iProperty may, in some jurisdictions, give rise to limitations in relation to the future availability and usage of any existing tax losses in iProperty and its subsidiaries, and may therefore limit or deny the ability of any such entity to offset its tax losses against its taxable income.

(h) Put and Call Options – credit risk

As set out in section 6 of this Scheme Booklet, the B-Class Rollco Shares held by Scheme Shareholders that make a valid Mixed Consideration Election will be subject to the Put Options and Call Options under which realestate.com.au will acquire the B-Class Rollco Shares by no later than the first half of calendar year 2018.³⁸

Scheme Shareholders who choose to make a Mixed Consideration Election should note that no amounts will be specifically set aside by realestate.com.au in a trust or other bank account for this purpose. There is a risk that realestate.com.au or REA (as guarantor) could fail to pay the relevant consideration for those B-Class Rollco Shares on exercise of the relevant options. However it should be noted that:

- both realestate.com.au and REA are entities of significant financial standing: REA (which has guaranteed the payment obligations under the Put Options and Call Options) has a market capitalisation of approximately A\$6.9 billion (as at the Last Practicable Date) and reported profit of approximately A\$200.5 million for the 12 month period ending 30 June 2015; and
- in the event that realestate.com.au and REA were to default on their obligations to make payment under the options, the Rollco Constitution provides that completion of the transfer of B-Class Rollco Shares will not take place and shareholders will retain those B-Class Rollco Shares, along with all of the rights attached to those B-Class Rollco Shares as described in sections 6 and 7. The restrictions on B-Class Rollco Shareholders transferring their B-Class Rollco Shares will also be lifted to enable B-Class Rollco Shareholders to sell their B-Class Rollco Shares (although this may be difficult). See section 6.4 for more details.

³⁸ Except in limited circumstances where there is a dispute between Rollco and realestate.com.au as to the exercise price of Put Options or Call Options or a delay in issue of Bidco's financial accounts for FY17, in which case the B-Class Rollco Shares may not be acquired until the second half of calendar year 2018.

10 Information relating to iProperty Directors

10.1 Interests of iProperty Directors in iProperty Securities

(a) Relevant Interests of iProperty Directors in iProperty Securities

As at the date immediately prior to the date of this Scheme Booklet, the iProperty Directors had the following Relevant Interests in iProperty Securities:

iProperty Director	Number of iProperty Shares	Number of iProperty Options
Patrick Grove	9,455*	NIL
Lucas Elliott	NIL*	NIL
John Armstrong	8,816	NIL
Arthur Charlaftis	NIL	NIL
Owen Wilson	NIL	NIL
Georg Chmiel	175,629	3,000,000

* Patrick Grove and Lucas Elliott are together the sole shareholders in Catcha Group, which holds 31,349,014 iProperty Shares.

All iProperty Directors who hold iProperty Shares intend, and Catcha Group has advised iProperty that it intends, to vote in favour of the Scheme, and to elect the Mixed Consideration, in each case in respect of all of their iProperty Shares in the absence of a Superior Proposal, and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of iProperty Shareholders.

(b) Dealings of iProperty Directors in iProperty Shares

No iProperty Director acquired or disposed of a Relevant Interest in any iProperty Shares in the four month period ending on the date immediately prior to the date of this Scheme Booklet.

10.2 Interests of iProperty Directors in REA securities (including Bidco securities)

(a) Relevant Interests of iProperty Directors in REA securities

As at the date immediately prior to the date of this Scheme Booklet, no iProperty Director had a Relevant Interest in any securities in REA or Bidco.

(b) **Dealings of iProperty Directors in securities of REA and Bidco**

No iProperty Director acquired or disposed of a Relevant Interest in any securities in REA or Bidco in the four month period ending on the date immediately prior to the date of this Scheme Booklet.

10.3 **Benefits and agreements**

(a) **Benefits in connection with retirement from office**

No payment or other benefit is proposed to:

- be made or given to any director, company secretary or executive officer of iProperty as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in iProperty or in a Related Body Corporate of iProperty; or
- be made or given to any director, company secretary or executive officer of any Related Body Corporate of iProperty as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in that Related Body Corporate of iProperty or in iProperty,

in connection with the Scheme.

(b) **Remuneration in connection with remaining in office**

If any of the non-executive iProperty Independent Directors remain on the iProperty Board post implementation of the Scheme, it is anticipated by the non-executive iProperty directors that they would receive remuneration and expense reimbursement arrangement for their services commensurate with a position as an iProperty non-executive director.

(c) **Agreements connected with or conditional on the Scheme**

Other than as set out in sections 11.3, 11.4 and 11.5 of this Scheme Booklet, there are no agreements or arrangements made between any iProperty Director and any other person in connection with, or conditional on, the outcome of the Scheme, other than in their capacity as an iProperty Shareholder or as the holder of iProperty Options.

(d) **Interests of iProperty Directors in contracts with the REA Group**

None of the iProperty Directors has any interest in any contract entered into by a REA Group Member (including Bidco), or any Related Body Corporate of any REA Group Member, other than in the case of Arthur Charlaftis and Owen Wilson who are officers of REA.

(e) **Benefits from the REA Group**

None of the iProperty Directors has agreed to receive, or is entitled to receive, any benefit from any REA Group Member (including Bidco), or any Related Body Corporate of any REA Group Member, which is conditional on, or is related to, the Scheme, other than in their capacity as an iProperty Shareholder or as the holder of iProperty Options and other than as set out in sections 11.3, 11.4 and 11.5 of this Scheme Booklet.

11 Additional information

11.1 Scheme Implementation Deed

(a) Overview

On 1 November 2015, REA, realestate.com.au and iProperty entered into the Scheme Implementation Deed. The key terms of the Scheme Implementation Deed are summarised below.

A full copy of the Scheme Implementation Deed is contained in Annexure 4.

(b) Conditions Precedent

Implementation of the Scheme Implementation Deed is subject to the Conditions Precedent which must be satisfied or waived (as applicable).

For details of the Conditions Precedent, see section 3.9(a) of this Scheme Booklet and clause 3.1 of the Scheme Implementation Deed.

(c) Exclusivity arrangements

The Scheme Implementation Deed contains certain customary exclusivity arrangements in favour of REA and realestate.com.au.

In summary, the exclusivity provisions consist of no shop, no talk, no due diligence and notification provisions in relation to a Competing Proposal (but not a matching right provision). These exclusivity provisions commenced 20 days after the date of the Scheme Implementation Deed.

These exclusivity arrangements are set out in clause 8 of the Scheme Implementation Deed.

(d) Change in recommendation

iProperty has agreed in the Scheme Implementation Deed to use its best endeavours to procure that no iProperty Independent Director withdraws, changes or modifies a recommendation in respect of the Scheme that iProperty Shareholders (other than Excluded Shareholders) vote in favour of the Scheme at the Scheme Meeting unless a Superior Proposal is made or the Independent Expert provides a report to iProperty that concludes that the Scheme is not in the best interests of Scheme Shareholders.

iProperty's obligations regarding the recommendation of the iProperty Independent Directors are set out in clause 7 of the Scheme Implementation Deed.

(e) Break fee payable by iProperty

iProperty has agreed to pay realestate.com.au a break fee of \$7.5 million (excluding GST) if certain events occur, including:

- a Competing Proposal being announced by a Third Party during the period from the date of the Scheme Implementation Deed and to the end of the Exclusivity Period and, within 12 months thereafter, among other things, that Third Party or its Associate acquiring Control of iProperty or acquiring a substantial part of the business of the iProperty Group or 20% or more of the value of iProperty Group's assets;
- change of recommendation by an iProperty Independent Director (other than (i) where iProperty is permitted to terminate the Scheme Implementation Deed for material breach by realestate.com.au or failure of a Condition Precedent or (ii) where the Independent Expert concludes that the Scheme is not in the best

interests of iProperty Shareholders, other than where the reason for that conclusion is a Competing Proposal); and

- realestate.com.au terminating the Scheme Implementation Deed for certain material breaches by iProperty or a Prescribed Occurrence which has a materially adverse effect on iProperty occurring.

The iProperty break fee arrangements are set out in clause 9 of the Scheme Implementation Deed.

(f) Break fee payable by realestate.com.au

realestate.com.au has agreed to pay iProperty a break fee of \$7.5 million (excluding GST) if certain events occur, including:

- iProperty terminating the Scheme Implementation Deed for certain material breaches of the Scheme Implementation Deed by realestate.com.au; and
- failure by realestate.com.au to pay the Scheme Consideration.

The realestate.com.au break fee arrangements are set out in clause 10 of the Scheme Implementation Deed.

(g) Representations and warranties

Each party to the Scheme Implementation Deed has given customary representations and warranties to the other. A breach of such representations and warranties is capable of triggering an obligation to pay the break fee or of giving rise to a termination right. These representations and warranties are set out in clause 11 of the Scheme Implementation Deed.

(h) Termination rights

The Scheme Implementation Deed may be terminated by the written agreement of the parties on such terms as they agree and in other certain circumstances, including the following:

- by either iProperty or realestate.com.au for certain material breaches by the other or if a Condition Precedent is breached or not fulfilled;
- by realestate.com.au if an iProperty Independent Director withdraws, changes or modifies their recommendation in relation to the Scheme or iProperty enters into an agreement in respect of a Competing Proposal;
- by iProperty if the iProperty Independent Directors publicly withdraw or change their recommendation in relation to the Scheme or recommend a Competing Proposal, in each case where they are permitted to do under the Scheme Implementation Deed (that is, where a Superior Proposal is made or the Independent Expert concludes that the Scheme is not in the best interests of iProperty Shareholders).

The termination rights are set out in clause 13 of the Scheme Implementation Deed.

(i) Guarantee by REA

REA has unconditionally and irrevocably guaranteed to iProperty the performance of realestate.com.au's obligations under the Scheme Implementation Deed. The guarantee is set out in clause 17 of the Scheme Implementation Deed.

11.2 Standstill arrangements

In accordance with the confidentiality deed dated 22 September 2015 between REA and iProperty as well as the Scheme Implementation Deed, REA and its Related Bodies

Corporate and Associates are subject to a standstill regime under which REA and its Related Bodies Corporate and Associates must not, among other things and subject to certain exceptions, acquire any iProperty Shares (other than under the Scheme) until the earlier of 30 April 2016 and the time when:

- a Third Party publicly announces a scheme of arrangement between iProperty and its members, provided that the iProperty Board has publicly unanimously recommended that scheme of arrangement in the absence of a superior proposal;
- a Third Party publicly announces a takeover bid for any of the iProperty Shares (this is a reference to a proposal that would attract the operation of section 631 of the Corporations Act);
- a Third Party publicly announces an agreement has been entered into between iProperty (or one of its Associates) and the Third Party which, if completed, would cause a person to acquire the whole or a substantial part of iProperty's business; or
- a Third Party acquires an interest in 10% or more of the iProperty Shares, in which case there will be no restriction on REA (other than a restriction imposed by statute) acquiring an interest in any iProperty Shares under a takeover bid for all the iProperty Shares provided that (i) the consideration offered under such a takeover bid includes an all cash amount of not less than \$4.00 per iProperty Share and (ii) any conditions to the offers under such a takeover bid are no less favourable to iProperty Shareholders than the Conditions Precedent of the Scheme (however, such conditions may include a 90% minimum acceptance condition).

11.3 Option Cancellation Deed

As at the Last Practicable Date, there were a total of 3,000,000 iProperty Options on issue held by Georg Chmiel, the Managing Director and CEO of iProperty in three tranches as follows:

Tranche	Number of iProperty Options	Exercise price of iProperty Options	Expiry date of iProperty Options
1	1,000,000	\$3.1293 per iProperty Option	30 April 2017
2	1,000,000	\$3.1293 per iProperty Option	30 April 2018
3	1,000,000	\$3.1293 per iProperty Option	30 April 2019

On 1 November 2015, REA and iProperty entered into an Option Cancellation Deed with Mr Chmiel pursuant to which all 3,000,000 iProperty Options will be cancelled in consideration for REA paying Mr Chmiel aggregate cash consideration of \$2,612,100.

The cash consideration of \$2,612,100 represents the "in the money" value of Mr Chmiel's iProperty Options taking into account the Cash Consideration under the Scheme and the exercise price of the iProperty Options. It was calculated as follows:

$$\text{Consideration payable for iProperty Options} = 3,000,000 \times (\$4.00 - \$3.1293)$$

The cancellation of Mr Chmiel's iProperty Options under the Option Cancellation Deed is subject to the following conditions being satisfied or waived:

- the Scheme becoming Effective;
- ASX granting iProperty a waiver from ASX Listing Rule 6.23 and any conditions to such waiver being satisfied, or waived by the ASX, or the iProperty Shareholders giving any necessary approvals under ASX Listing Rule 6.23; and
- any other required securities regulatory approval being granted in relation to the offer for the iProperty Options.

iProperty has applied for, and ASX has granted, a waiver from ASX Listing Rule 6.23.2 to permit the iProperty Options to be dealt with in this fashion – see section 11.12 of this Scheme Booklet.

11.4 Treatment of LTIP rights

REA currently intends, before the Scheme Meeting, to request that iProperty offer to enter into an agreement with each iProperty employee who currently participates in the iProperty long term incentive plan (**LTIP**), which agreement would, subject to the implementation of the Scheme, result in the termination of each such employee's current iProperty LTIP arrangements and in lieu thereof each such employee would become entitled to participate in a new cash incentive scheme the entitlements under which would have a value commensurate with the value of their current LTIP entitlements. REA currently intends that, to the extent that any long term incentive plan rights under the current iProperty LTIP are actually allocated to any such employee, these will be cancelled for cash consideration commensurate with the value of the LTIP rights so allocated as at the date the Scheme is implemented.

11.5 New employment arrangements

Following implementation of the Scheme, REA intends to retain the services of Managing Director Georg Chmiel on terms which are commensurate with, and not materially different from, his existing terms of employment with iProperty.

11.6 Working capital facility

iProperty has, in the Scheme Implementation Deed, agreed to use bona fide efforts to secure a 2 year, \$14 million working capital facility, which will become operative if the Scheme becomes Effective, for the iProperty Group (on terms which are acceptable to iProperty (acting reasonably)) prior to the Implementation Date, and with drawdown available from the Implementation Date (**Third Party Working Capital Facility**).

realestate.com.au and REA have agreed, in the Scheme Implementation Deed:

- subject to the Scheme becoming Effective, to act as a guarantor of the Third Party Working Capital Facility if required by iProperty; and
- if, prior to the Implementation Date, iProperty has exerted bona fide efforts to do so but has been unable to obtain a Third Party Working Capital Facility on terms which are acceptable to iProperty (acting reasonably), realestate.com.au or REA will, subject to the Scheme becoming Effective, provide a working capital facility to the iProperty Group, on the following terms, and with such other terms to be negotiated in good faith between iProperty and realestate.com.au or REA (as applicable):

- (1) **Term:** 2 years from the Implementation Date, with draw down available from the Implementation Date
- (2) **Amount:** \$14,000,000
- (3) **Interest rate:** the rate which could be obtained by the Bidder or the Bidder's Guarantor (as applicable) after using reasonable endeavours in the jurisdiction in which the borrowing occurs.
- (4) **Events entitling lender to demand repayment (ie events of default; repayable on demand etc):** default or insolvency only
- (5) **Covenants to apply:** none
- (6) **Secured or unsecured:** unsecured

For further details refer to section 5.11 of the Scheme Implementation Deed.

11.7 Disputes and litigation

iProperty is from time to time involved in disputes and litigation.

As at the date of this Scheme Booklet, the iProperty Group is not involved in any ongoing litigation or dispute which is material in the context of the iProperty Group taken as a whole.

11.8 iProperty Securities

As at the Last Practicable Date, iProperty had on issue:

- 187,699,917 iProperty Shares;
- 3,000,000 iProperty Options.

11.9 Substantial holders

As extracted from filings released on the ASX, in each case on or before the Last Practicable Date, the following persons were substantial holders of iProperty Shares:

Substantial holder	Number of iProperty Shares	Voting power
Catcha Group Pte Ltd	31,349,014	16.70%
REA Group Limited*	42,558,118	22.67%

* The registered holder of these 42,558,118 shares is REA Austin Pty Limited

11.10 Consents to be named

Each of REA, realestate.com.au, REA Austin, Bidco and Rollco has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of the information attributed to it in this Scheme Booklet in the form and

context in which such information is included in this Scheme Booklet. Each of REA, Bidco and Rollco has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name and the aforementioned information, takes no responsibility for any other part of this Scheme Booklet other than the REA Information.

Catcha Group has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of the statements made in this Scheme Booklet that are attributed to it in the form and context in which those statements are included in this Scheme Booklet. Catcha Group has not caused or authorised the issue of this Scheme Booklet and, other than the statements attributed to it and any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

Deloitte has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of its Independent Expert's Report contained in Annexure 3. Deloitte has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name and the Independent Expert's Report contained in Annexure 3, takes no responsibility for any other part of this Scheme Booklet.

Boardroom Pty Limited (**Boardroom**) has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. Boardroom has not made any statement that is included in the Scheme Booklet or any statement on which a statement in the Scheme Booklet is based. Boardroom has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

Goldman Sachs Australia Pty Ltd (**Goldman Sachs**) has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. Goldman Sachs has not made any statement that is included in the Scheme Booklet or any statement on which a statement in the Scheme Booklet is based. Goldman Sachs has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

Greenwoods & Herbert Smith Freehills (**Greenwoods**) has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named as the preparer of the Tax Adviser's Report in the Scheme Booklet and to the inclusion of the Tax Advisor's Report, being a letter to the iProperty Directors, titled "Australian Taxation Implications" in Annexure 1. Greenwoods has not caused or authorised the issue of this Scheme Booklet, and other than as set out above, takes no responsibility for any other part of this Scheme Booklet.

Herbert Smith Freehills (**HSF**) has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. HSF has not made any statement that is included in the Scheme Booklet or any statement on which a statement in the Scheme Booklet is based. HSF has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

11.11 Intentions of iProperty Independent Directors

If the Scheme becomes Effective, the existing iProperty Board will be reconstituted on the Implementation Date, in accordance with the instructions of REA but subject to the terms

of the Shareholders' Deed in so far as they are applicable to iProperty (which will be a wholly owned Subsidiary of Bidco following the Implementation Date).

Accordingly, it is not possible for the iProperty Independent Directors to provide a statement of their intentions regarding:

- the continuation of the business of iProperty or how iProperty's existing business will be conducted;
- any major changes to be made to the business of iProperty, including any deployment of the fixed assets of iProperty; and
- the future employment of the present employees of iProperty,

in each case, after the Scheme is implemented.

If the Scheme is implemented, Bidco will own 100% of iProperty Shares and will control iProperty. The iProperty Independent Directors have been advised that the intentions of Bidco, which will be controlled by REA after implementation of the Scheme, are, subject to the requirements of the Shareholders' Deed, as set out in section 5.6 of this Scheme Booklet.

11.12 Regulatory relief

ASX has granted iProperty a waiver of ASX Listing Rule 6.23.2 to the extent necessary to permit the treatment of the iProperty Options and LTIP rights as set out in sections 11.3 and 11.4 of this Scheme Booklet.

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires the Scheme Booklet to set out whether, within the knowledge of the iProperty Directors, the financial position of iProperty has materially changed since the date of the last balance sheet laid before iProperty Shareholders in accordance with sections 314 or 317 of the Corporations Act, being 31 December 2014. ASIC has granted iProperty relief from this requirement so that this Scheme Booklet only need set out whether, within the knowledge of the iProperty Directors, the financial position of iProperty has materially changed since 30 June 2015 (being the last date of the period to which the financial statements for the half year ended 30 June 2015 relate).

11.13 No unacceptable circumstances

The iProperty Directors believe that the Scheme does not involve any circumstances in relation to the affairs of iProperty that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

11.14 Foreign jurisdictions

The distribution of this Scheme Booklet outside Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. iProperty disclaims all liabilities to such persons.

iProperty Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

No action has been taken to register or qualify this Scheme Booklet or any aspect of the Transaction in any jurisdiction outside of Australia.

11.15 No other material information

Except as disclosed elsewhere in this Scheme Booklet, so far as the iProperty Directors are aware, there is no other information that is:

- material to the making of a decision by an iProperty Shareholder whether or not to vote in favour of the Scheme; and
- known to any iProperty Director at the date of lodging this Scheme Booklet with ASIC for registration,

which has not previously been disclosed to iProperty Shareholders.

11.16 Supplementary disclosure statement

iProperty will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Second Court Date:

- a material statement in this Scheme Booklet is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, iProperty may circulate and publish any supplementary document by:

- making an announcement to the ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to iProperty Shareholders at their address shown on the iProperty Share Register; and/or
- posting a statement on iProperty's website at www.iproperty-group.com,

as iProperty, in its absolute discretion, considers appropriate.

12 Definitions and interpretation

12.1 Definitions

In this Scheme Booklet, unless the context otherwise appears, the following terms have the meanings shown below:

Term	Meaning
A-Class Rollco Share	has the meaning given to the term 'A-Class Share' in the Rollco Constitution.
Acquisition Costs	has the meaning given in section 5.5 of this Scheme Booklet.
Aggregate Cash Consideration	the aggregate amount of the cash component of the Scheme Consideration payable to Scheme Shareholders in accordance with clause 5 of the Scheme.
Announcement Date	2 November 2015, being the date of the ASX announcement of the Transaction.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning set out in section 12 of the Corporations Act.
ASX	ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market that it operates.
B-Class Rollco Share	has the meaning given to the term 'B-Class Share' in the Rollco Constitution.
B-Class Rollco Shareholder	a holder of B-Class Rollco Shares.
Base Price	\$4.00 per B-Class Rollco Share.
Bidco	Austin Bidco Pty Ltd (ACN 609 050 393), being a directly wholly-owned Subsidiary of realestate.com.au.

Term	Meaning
Bidco Constitution	has the meaning given in the Scheme.
Bidco Group	Bidco and each Subsidiary of Bidco post-implementation of the Scheme.
Bidco Share	a fully paid ordinary share in Bidco.
Bidco Shareholder	a holder of share(s) in Bidco.
Business Day	has the meaning given in the Listing Rules.
Call Option	each of the Call Options described in section 6.4(c) of this Scheme Booklet.
Cash Consideration	\$4.00 cash for each Scheme Share held by a Scheme Shareholder.
Catcha Group	Catcha Group Pte Ltd.
CGT	Australian Capital Gains Tax.
Competing Proposal	<p>any expression of interest or intent, proposal, offer, agreement, arrangement or transaction which if entered into or completed, would result in a Third Party (either alone or together with one or more Associates) directly or indirectly:</p> <ol style="list-style-type: none"> 1 acquiring an interest (including an economic interest by way of an equity swap, contract for difference or similar transaction or arrangement) or a Relevant Interest in 20% or more of the iProperty Shares; 2 acquiring, becoming the holder of or having a right to acquire an economic interest in all or a substantial part of the business, or any of the material assets, of the iProperty Group (where a material asset of the iProperty Group will include rights in respect of assets representing 20% or more of the value of the iProperty Group's total assets); 3 otherwise acquiring, acquiring Control of or merging with iProperty or any other material member of the iProperty Group; or 4 requiring iProperty to abandon, or otherwise fail to proceed

Term	Meaning
	with, the Transaction, whether by takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets or interests therein, joint venture, reverse takeover bid, dual listed company structure, recapitalisation, establishment of a new holding company for the iProperty Group or other synthetic merger, or any other means.
Condition Subsequent	the condition described in section 3.9(b) of this Scheme Booklet.
Condition Precedent	each of the conditions set out in clause 3.1 of the Scheme Implementation Deed.
Control	has the meaning given in section 50AA of the Corporations Act.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Federal Court of Australia, New South Wales registry, or such other court of competent jurisdiction under the Corporations Act as agreed to in writing between realestate.com.au and iProperty.
Deed Poll	a deed poll substantially in the form of Annexure 6 to be entered into by REA, realestate.com.au, Bidco and Rollco under which each of REA, realestate.com.au, Bidco and Rollco covenant in favour of the Scheme Shareholders to perform the obligations attributed to REA, realestate.com.au, Bidco and Rollco under the Scheme.
Deloitte	Deloitte Corporate Finance Pty Limited (ACN 003 833 127).
Effective	when used in relation to the Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.

Term	Meaning
Election Time	5.00pm on the day which is two Business Days prior to the Second Court Date, or such other time as realestate.com.au and iProperty agree in writing.
End Date	2 May 2016 or such later date as iProperty and realestate.com.au agree in writing.
Excluded Shareholder	any iProperty Shareholder who is a member of the REA Group or any iProperty Shareholder to the extent that, at the relevant time, it holds iProperty Shares on behalf of, or for the benefit of, any member of the REA Group.
Exclusivity Period	the period from the date that is 20 days after the date of the Scheme Implementation Deed to the earlier of: <ol style="list-style-type: none"> 1 the date of termination of the Scheme Implementation Deed under clause 13 of the Scheme Implementation Deed; 2 the End Date; and 3 the Effective Date.
Facility	has the meaning given in section 5.5 of this Scheme Booklet.
First Court Date	the first day on which an application made to the Court for an order under section 411(1) of the Corporations Act directing iProperty to convene the Scheme Meeting is heard (or if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard), with such hearing being the First Court Hearing .
FY15	the financial year commencing on 1 January 2015 and ending on 31 December 2015.
FY16	the financial year commencing on 1 January 2016 and ending on 31 December 2016.
FY17	the financial year commencing on 1 January 2017 and ending on 31 December 2017.
Government Agency	means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal, statutory or judicial body, department, commission, authority, tribunal, agency or entity, or

Term	Meaning
	any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian. It also includes any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions (including ASIC and the Takeovers Panel) and any stock exchange (including ASX).
Hurdles	has the meaning given in section 6.4(d) of this Scheme Booklet.
Implementation Date	the 5th Business Day after the Scheme Record Date or such other date as iProperty and realestate.com.au agree in writing.
Independent Expert	Deloitte.
Independent Expert's Report	the report in respect of the Scheme prepared and issued by the Independent Expert for inclusion in the Scheme Booklet (or any update or variation to that report). A copy of the Independent Expert's Report is contained in Annexure 3.
Ineligible Foreign Shareholder	a Scheme Shareholder whose address shown in the iProperty Share Register on the Scheme Record Date is a place outside Australia and its external territories, New Zealand, Malaysia, the United States or Singapore, unless realestate.com.au determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with B-Class Rollco Shares.
iProperty	iProperty Group Limited (ABN 99 126 188 538).
iProperty Board or Board	the board of directors of iProperty and an iProperty Board Member means any director of iProperty comprising part of the iProperty Board.
iProperty Directors	each of the directors of iProperty.
iProperty Group	iProperty and each of its Subsidiaries, and a reference to an iProperty Group Member is to iProperty or any of its Subsidiaries.
iProperty Independent Directors	each of the following directors of iProperty:

Term	Meaning
	<ol style="list-style-type: none"> 1 Patrick Grove; 2 Georg Chmiel; 3 Lucas Elliott; and 4 John Armstrong.
iProperty Information	<p>all information included in this Scheme Booklet other than the:</p> <ol style="list-style-type: none"> 1 REA Information; 2 Independent Expert's Report; and 3 Tax Adviser's Report.
iProperty Options	<p>means the options to subscribe for iProperty Shares (on a one for one basis), as set out in Schedule 2 of the Scheme Implementation Deed.</p>
iProperty Securities	<p>an iProperty Share or an iProperty Option.</p>
iProperty Share	<p>a fully paid ordinary share in the capital of iProperty.</p>
iProperty Share Register	<p>the register of members of iProperty maintained by or on behalf of iProperty in accordance with the Corporations Act.</p>
iProperty Share Registry	<p>Boardroom Pty Limited (ABN 14 003 209 836).</p>
iProperty Shareholder	<p>each person who is registered as the holder of an iProperty Share in the iProperty Share Register.</p>
Last Practicable Date	<p>7 December 2015.</p>
Lender	<p>has the meaning given in section 5.5 of this Scheme Booklet.</p>
Listing Rules	<p>means the official listing rules of ASX.</p>
LTIP	<p>has the meaning given in section 11.4 of this Scheme Booklet.</p>

Term	Meaning
Material Adverse Change	has the meaning given in the Scheme Implementation Deed.
Maximum Cash Condition Precedent	has the meaning given in section 3.9(a) of this Scheme Booklet.
Maximum Cash Consideration	\$500,000,000.
Maximum Scrip Consideration	37,539,983 B-Class Rollco Shares.
Mixed Cash Consideration	\$1.20 for each Scheme Share held by a Scheme Shareholder.
Mixed Consideration	means the consideration determined in accordance with clause 5.4 of the Scheme.
Mixed Consideration Election	an election by an iProperty Shareholder (other than an Excluded Shareholder or an Ineligible Foreign Shareholder) to receive the Mixed Consideration, which election is made by following the procedure set out in the Mixed Consideration Election form and in section 3.4(c) of this Scheme Booklet under 'How to make a Mixed Consideration Election'.
Mixed Consideration Election Form	the election form, available from the iProperty Share Registry, under which each iProperty Shareholder (other than any Excluded Shareholder or Ineligible Foreign Shareholder) may elect to receive Mixed Consideration in respect of all of their iProperty Shares.
Mixed Scrip Consideration	0.7 B-Class Rollco Shares for each Scheme Share held by a Scheme Shareholder.
Notice of Scheme Meeting	the notice of meeting relating to the Scheme Meeting to be held on 28 January 2016 which is contained in Annexure 9.
Option Cancellation Deed	the option cancellation deed dated 1 November 2015 entered into between REA, iProperty and Georg Chmiel.

Term	Meaning
Permitted Transferee	has the meaning given to it in section 6.4(a) of this Scheme Booklet.
Prescribed Occurrence	has the meaning given in the Scheme Implementation Deed.
Put Option	each of the put options described in section 6.4(b) of this Scheme Booklet.
REA	REA Group Limited (ABN 54 068 349 066).
REA Austin	REA Austin Pty Ltd (ACN 600 588 305).
REA Group	REA and each of its Subsidiaries, and a reference to a REA Group Member is to REA or any of its Subsidiaries.
REA Information	the information regarding the REA Group, Bidco and Rolco provided by or on behalf of REA for inclusion in this Scheme Booklet (and any information solely derived from, or prepared solely in reliance on, such information), including all the information contained in sections 5, 6, 7, 8, 9 (other than 9.2), 11.4 and 11.5.
realestate.com.au	realestate.com.au Pty Limited (ABN 21 080 195 535).
Related Body Corporate	has the meaning given in section 50 of the Corporations Act.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Requisite Majorities	<p>in relation to the Scheme Resolution, a resolution passed by:</p> <ul style="list-style-type: none"> (a) a majority in number (more than 50%) of iProperty Shareholders (as the case may be) who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and (b) at least 75% of the votes cast on the resolution. <p>The Court has the discretion to waive the first of these two requirements if the Court considers it appropriate to do so.</p>

Term	Meaning
Rollco	Austin Rollco Limited (ACN 609 413 505).
Rollco Constitution	the constitution of Rollco, which is attached as Annexure 8.
Rollco Register	the register of shareholders maintained by Rollco or its agent.
Rollco Share	an A-Class Rollco Share or a B-Class Rollco Share.
Rollco Shareholder	a holder of share(s) in Rollco.
Scale Back	the scale back in relation to the Mixed Consideration described in section 3.4(a) of this Scheme Booklet.
Scheme	the members' scheme of arrangement under Part 5.1 of the Corporations Act between iProperty and the Scheme Shareholders, the form of which is attached as Annexure 5, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by realestate.com.au and iProperty.
Scheme Booklet	this booklet, including the annexures to it.
Scheme Consideration	for each iProperty Share held by a Scheme Shareholder as at the Scheme Record Date: <ol style="list-style-type: none"> 1 the Cash Consideration; or 2 the Mixed Consideration, subject to the terms of the Scheme.
Scheme Implementation Deed	the Scheme Implementation Deed between iProperty, REA and realestate.com.au dated 1 November 2015, a copy of which is contained in Annexure 4.
Scheme Meeting	the meeting of iProperty Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Term	Meaning
Scheme Meeting Proxy Form	the proxy form for the Scheme Meeting to be held on 28 January 2016 which accompanies this Scheme Booklet.
Scheme Record Date	7:00pm on the 5th Business Day after the Effective Date of the Scheme.
Scheme Resolution	the resolution set out in the Notice of Scheme Meeting to approve the terms of the Scheme.
Scheme Share	an iProperty Share held by a Scheme Shareholder as at the Scheme Record Date.
Scheme Shareholder	an iProperty Shareholder (other than an Excluded Shareholder) as at the Scheme Record Date.
Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard (or if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard), with such hearing being the Second Court Hearing .
Share Sale Deed	The share sale deed entered into or proposed to be entered into between REA Austin, realestate.com.au, and Bidco substantially in the form of Attachment 2 to the Scheme.
Shareholders' Deed	the agreement to be entered into between Rollco, realestate.com.au, REA and Bidco on or prior to the Implementation Date substantially in the form which is attached as Annexure 7.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Superior Proposal	<p>a bona fide written proposal of the kind referred to in any of paragraphs 2, 3 or 4 of the definition of Competing Proposal which the iProperty Independent Directors consider, acting in good faith and after taking written advice from iProperty's legal and financial advisers:</p> <ol style="list-style-type: none"> 1 is reasonably capable of being completed within 12 months taking into account all aspects of the Competing Proposal, including having regard to any timing considerations, the

Term	Meaning
	<p>proponent(s) and conditionality of the proposal; and</p> <p>2 would, if implemented in accordance with its terms, result in a more favourable outcome for iProperty Shareholders than would result from implementation of the Scheme.</p>
Syndicated Facilities Agreement	has the meaning given in section 5.5 of this Scheme Booklet.
Tax Act	the <i>Income Tax Assessment Act 1997</i> (Cth).
Tax Adviser's Report	the report issued by Greenwoods & Herbert Smith Freehills which provides a summary of the Australian tax implications for iProperty Shareholders in connection with the Scheme. A copy of the Tax Adviser's Report is set out in Annexure 1.
Third Party	a person other than realestate.com.au and any Associate of realestate.com.au.
Transaction	the acquisition of the Scheme Shares by Bidco by means of the Scheme.
VWAP	volume weighted average price.

12.2 Interpretation

In this Scheme Booklet, unless the context otherwise appears:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section or annexure is a reference to a section of and an annexure to this Scheme Booklet as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;

- (g) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- (h) a reference to time is a reference to time in Sydney, Australia;
- (i) a reference to writing includes facsimile transmissions; and
- (j) a reference to dollars, \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

Tax Adviser's Report

The iProperty Independent Directors
iProperty Group Limited
Suite 806, Level 8
70 Pitt Street
Sydney NSW 2000

14 December 2015

Dear Directors

Australian tax consequences for certain iProperty Shareholders arising under the proposed acquisition by REA Group Limited of iProperty Group Limited by way of a scheme of arrangement

We have been instructed by iProperty Group Limited (**iProperty**) to prepare a tax summary for inclusion in the Scheme Booklet

Capitalised terms in this letter have the meaning given in section 11 of the Scheme Booklet.

1 Scope

This tax summary provides a general description of the Australian income tax and goods and services tax (**GST**) consequences for iProperty Shareholders in respect of the Scheme.

The comments set out in this letter are only relevant to those iProperty Shareholders that hold their iProperty Shares on capital account. The comments are not applicable for iProperty Shareholders who:

- are in the business of share trading, are dealing in securities or otherwise hold their iProperty Shares on revenue account;
- have made any of the tax timing elections in the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses in respect of their iProperty Shares; or
- are not Australian tax residents and who carry on a business through a permanent establishment in Australia.

An iProperty Shareholder that is a resident for tax purposes of a foreign jurisdiction (even if also an Australian resident or temporary resident) should consider the tax consequences of the Scheme under the laws of both their home jurisdiction and under Australian law.

This summary is based on Australian tax law and administrative practice in force as at the date of this letter. It is necessarily general in nature and is not intended to be definitive tax advice to iProperty Shareholders. Accordingly, each iProperty Shareholder should seek their own tax advice that is specific to their particular circumstances.

This tax letter is neither an endorsement of the Scheme nor a recommendation as to whether iProperty Shareholders should vote in favour or against the Scheme. Greenwood & Herbert Smith Freehills expresses no opinion in respect of the Scheme Booklet.

Doc 510662944.8

2 Summary of the Scheme

This section summarises, for convenience only, our understanding of the Scheme. iProperty Shareholders' rights depend on the Scheme Booklet in total, not on this section.

Under the Scheme, if the Scheme is implemented, iProperty Shareholders who are iProperty Shareholders at the Scheme Record Date (other than Excluded Shareholders) will receive either the:

- Cash Consideration, comprising \$4.00 for each iProperty Share at the Scheme Record Date; or
- if the iProperty Shareholder has made a valid Mixed Consideration Election, Mixed Consideration, comprising \$1.20 cash and 0.7 New Rollco Shares for each iProperty Share at the Scheme Record Date, subject to a Scale Back in certain circumstances.

iProperty Shareholders who elect to receive Mixed Consideration will be granted put options by REA Sub in respect of their New Rollco Shares which will provide a progressive exit mechanism for Rollco Shareholders by allowing them to sell their New Rollco Shares to REA Sub during exercise windows following release of Bidco's FY16 and FY17 audited accounts, or at any time after 31 December 2016.

iProperty Shareholders will also grant a call option to REA Sub over their New RollCo Shares.

3 Australian resident shareholders

3.1 Disposal of iProperty Shares under the Scheme

(a) CGT event A1

CGT event A1 should occur for iProperty Shareholders when they dispose of their iProperty Shares to Bidco under the Scheme. The event should happen on the Implementation Date when iProperty Shareholders exchange their iProperty Shares for the consideration payable under the Scheme.

For the reasons set out in section 3.1(g) below, CGT scrip-for-scrip rollover relief will not be available in respect of any New Rollco Shares received in consideration of disposal of the iProperty Shares.

(b) Calculation of capital gain or capital loss

The disposal of iProperty Shares by iProperty Shareholders to Bidco will give rise to a capital gain if the disposal proceeds exceed the cost base of those iProperty Shares. Conversely, a capital loss will result if the reduced cost base of the iProperty Shares exceeds the disposal proceeds.

(c) Disposal proceeds

If an iProperty Shareholder receives Cash Consideration, the disposal proceeds will equal the amount of the cash consideration received.

Subject to our comments below, if an iProperty Shareholder elects to receive Mixed Consideration, the disposal proceeds for the iProperty Shares will equal the sum of:

- the cash consideration received;
- the market value of the New Rollco Shares received; and
- the market value of the put options granted by REA Sub in respect of the New Rollco Shares.

For the reasons set out in section 3.1(h) below, a reasonable portion of the disposal proceeds described above will need to be allocated to the grant of the call option by the iProperty Shareholder in favour of REA Sub. This amount will be based on the market value of the call option on the Implementation Date.

As a result, iProperty Shareholders who elect to receive Mixed Consideration will need to make a determination as to the market value of the New Rollco Shares received, the market value of the put options granted in their favour by REA Sub and the market value of the call option given in favour of REA Sub.

(d) Cost base and reduced cost base

An iProperty Shareholder's cost base in their iProperty Shares should generally include the acquisition cost and certain non-deductible incidental costs of the acquisition and disposal of the iProperty Shares.

The reduced cost base is determined in a similar but not identical manner to the cost base calculation.

(e) CGT discount treatment

If the iProperty Shares were acquired for CGT purposes at least 12 months prior to the time of the CGT event (excluding the days of acquisition and disposal), then a resident iProperty Shareholder (other than a company) may be entitled to CGT discount treatment in respect of any capital gain arising on disposal of their iProperty Shares, such that a percentage of their capital gain is not included in their assessable income.

The discount percentage is applied to the amount of the capital gain after offsetting any current or prior year carried forward capital losses. The discount percentages are 50% for iProperty Shareholders that are individuals and trustees, and 33 $\frac{1}{3}$ % for iProperty Shareholders that are complying superannuation entities. For trustees, the ultimate availability of the discount for beneficiaries of the trusts will depend on the particular circumstances of the beneficiaries.

(f) Net capital gain or capital loss

Capital gains and capital losses of a taxpayer in an income year are aggregated to determine whether there is a net capital gain or capital loss.

Any net capital gain is included in assessable income and is subject to income tax at the iProperty Shareholder's applicable rate.

Capital losses may not be deducted against other income for income tax purposes. However, capital losses can generally be carried forward to offset against capital gains arising in future income years.

(g) No CGT scrip-for-scrip rollover relief

CGT scrip-for-scrip rollover relief is not expected to be available to defer any capital gain that is derived by an iProperty Shareholder that elects to receive Mixed Consideration. This is because one of the requirements for scrip-for-scrip rollover relief under section 124-780(3)(c)(ii) of the *Income Tax Assessment Act 1997* (Cth) is that the replacement shares must be in either the acquiring entity or the ultimate holding company of the acquiring entity. In this instance the New Rollco Shares received by the iProperty Shareholder will not be shares in the acquiring entity (being Bidco) or the ultimate holding company of the acquiring entity.

(h) Grant of call option

CGT event D2 will occur for iProperty Shareholders who elect to receive Mixed Consideration when they grant the call option in favour of REA Sub. The event should happen on the Implementation Date when the iProperty Shareholder grants the call option in favour of REA Sub.

The iProperty Shareholder will realise a capital gain equal to the amount of the disposal proceeds described in section 3.1(c) above that are allocated to the grant of the call option. It is unlikely that the iProperty Shareholder would be entitled to CGT discount treatment in respect of the capital gain.

However, this gain will be disregarded if the call option is exercised by REA Sub, and the proceeds allocated to the call option will be included in the capital proceeds on sale of the New Rollco Shares.

Each iProperty Shareholder who elects to receive Mixed Consideration should seek their own tax advice that is specific to their particular circumstances.

3.2 Future disposal of New Rollco Shares

Where an iProperty Shareholder elects to receive Mixed Consideration, part of their consideration will consist of New Rollco Shares. The Australian income tax consequences of the future disposal of those New Rollco Shares will depend on whether the New Rollco Shares are held on capital account or revenue account.

Given the existence of the put option and the call option in respect of the New Rollco Shares and the low expectation of Rollco making any distributions to its shareholders, there is a significant risk that the New Rollco Shares may be considered to be held on revenue account. On that basis, non-superannuation fund investors would not be entitled to the benefit of the CGT discount.

Any gain made by complying superannuation funds on sale of the New Rollco Shares will be deemed to be a capital gain.

Each iProperty Shareholder who elects to receive Mixed Consideration should seek their own tax advice that is specific to their particular circumstances.

4 Non-resident shareholders

4.1 Disposal of iProperty Shares under the Scheme

For an iProperty Shareholder who:

- is not a resident of Australia for Australian tax purposes; and
- does not hold their iProperty Shares in carrying on a business through a permanent establishment in Australia,

the disposal of iProperty Shares will generally only result in Australian CGT consequences if both of the following conditions apply:

- the iProperty Shareholder (together with its associates) held 10% or more of the total iProperty Shares in iProperty at the time of disposal, or for any continuous 12 month period within 2 years preceding the disposal for CGT purposes; and
- more than 50% of iProperty's value arises from direct or indirect interests in Australian real property, which is defined to include mining and exploration leases and licences.

iProperty Shareholders in this situation should obtain their own tax advice as to the tax implications of disposing of their iProperty Shares.

A non-resident individual iProperty Shareholder who has previously been an Australian resident and chose to disregard a capital gain or loss on ceasing to be an Australian resident will be subject to Australian CGT consequences on disposal of their iProperty Shares in the manner set out in section 3 of this letter.

4.2 Future disposal of New Rollco Shares

Where an iProperty Shareholder elects to receive Mixed Consideration, part of their consideration will consist of New Rollco Shares. The Australian income tax consequences of the future disposal of those New Rollco Shares for an iProperty Shareholder who is not a resident of Australia for Australian tax purposes will depend on, among things:

- whether those shares are held on revenue or capital account;
- whether the gain is Australian sourced; and

- whether the shareholder is entitled to the benefit of any double tax treaty with Australia.

Each such iProperty Shareholder who elects to receive Mixed Consideration should seek their own tax advice that is specific to their particular circumstances.

5 GST

iProperty Shareholders should not be liable for GST in respect of a disposal of their iProperty Shares.

iProperty Shareholders registered for GST may be entitled to an input tax credit or reduced input tax credit for any GST paid in respect of costs associated with disposing of their iProperty Shares but should seek their own advice in relation to their circumstances.

Yours faithfully

Greenwoods & Herbert Smith Freehills Pty Limited

GREENWOODS & HERBERT SMITH FREEHILLS PTY LIMITED

Annexure 2

ASX Announcements by iProperty from 20 August 2015 (the date on which iProperty lodged half yearly accounts with ASX)

This table does not contain announcements on the ASX relating to substantial holder notices.

Date	Announcement
20 August 2015	Half Yearly Report and Accounts
20 August 2015	iProperty delivers record growth in financial & operating metrics
20 August 2015	Analyst & investor presentation
6 October 2015	Appendix 4C - quarterly
6 October 2015	iProperty delivers 67% growth in cash collections
7 October 2015	iProperty acquires Prakard.com Thailand consolidating leadership
2 November 2015	Proposed merger between iProperty Group and REA Group
4 December 2015	Change of Registered Office
7 December 2015	Release of Securities from Voluntary Escrow

Annexure 3

Independent Expert's Report

iProperty Group Limited

Independent expert's report and Financial Services Guide

14 December 2015

Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us. The person who provides the advice is an Authorised Representative (AR) of Deloitte Corporate Finance Pty Limited, which authorises the AR to distribute this FSG. Their AR number is included in the report which accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

We will receive a fee of approximately \$100,000 exclusive of GST in relation to the preparation of this report. This fee is not contingent upon the success or otherwise of the Proposed Scheme.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates

and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately controlled by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

Deloitte Corporate Finance was engaged by IPP on 25 May 2015 to provide an Independent Expert's Report in connection with a proposed transaction involving third parties. Our engagement in relation to that proposed transaction was terminated prior to our issuance of any findings as a result of the termination of that proposed transaction.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer	Financial Ombudsman Services
PO Box N250	GPO Box 3
Grosvenor Place	Melbourne VIC 3001
Sydney NSW 1220	info@fos.org.au
complaints@deloitte.com.au	www.fos.org.au
Fax: +61 2 9255 8434	Tel: 1300 780 808
	Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

14 December 2015

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

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Member of Deloitte Touche Tohmatsu Limited

Independent Directors
iProperty Group Limited
c/o Australian Company Secretaries Pty Limited
Level 3, 70 Pitt St
Sydney NSW 2000

14 December 2015

Dear Directors

Independent expert's report

Introduction

On 2 November 2015, iProperty Group Limited (IPP) announced that it had entered into an agreement with realestate.com.au Pty Ltd (realestate.com.au), a company wholly owned by REA Group Limited (REA), and REA pursuant to which a newly incorporated wholly owned subsidiary of REA, Austin BidCo Pty Ltd (BidCo) would acquire 100% of the ordinary shares outstanding in IPP (the Proposed Transaction). Under the terms of the Proposed Transaction, IPP shareholders other than any member of the REA Group (the Non-Associated Shareholders) would be entitled to receive, for each IPP share held, either:

- \$4.00 cash (the Cash Consideration); or
- if an eligible IPP shareholder makes a valid election for the Mixed Consideration, a combination of \$1.20 cash and 0.7 B-Class shares (subject to a scale back in certain circumstances (see paragraph immediately below)) in an unlisted Australian company (RollCo) with an indirect minority equity interest in IPP (the Mixed Consideration). Under the Mixed Consideration, B-Class RollCo shareholders would hold their indirect interest in IPP until no later than the first half of calendar year 2018.

The extent of the scale back on the number of B-Class shares in RollCo received for each IPP share as part of the Mixed Consideration may be significant and will depend on the number of IPP shareholders who validly elect the Mixed Consideration and will not be known until after the scheme record date (being after the date of the scheme meeting). The maximum possible scale back (based on the assumption that all Non-Associated Shareholders are entitled to, and do, elect the Mixed Consideration) would result in shareholders making a valid election for Mixed Consideration receiving \$2.965 cash and 0.259 B-Class shares in RollCo for each IPP share. For further information on the scale back, please refer to section 3.4(a) of the Scheme Booklet.

The Proposed Transaction will be effected by way of a court approved scheme of arrangement (the Proposed Scheme) and is conditional on a number of conditions precedent including sufficient valid elections being received for the Mixed Consideration such that the maximum cash consideration payable by REA is equal to or less than \$500 million. Satisfaction of this condition precedent would require at least approximately 19.8% of Non-Associated Shareholders to validly elect the Mixed Consideration which would result in RollCo holding at least 10.7% of the equity in BidCo. Under the Proposed Transaction, as a result of the scale back described above, RollCo can hold a maximum of 20% of the equity in BidCo.

Purpose of the report

Section 411 of the Corporations Act 2001 (Section 411) regulates schemes of arrangement between companies and their shareholders. Part 3 prescribes the information to be provided to shareholders in relation to schemes of arrangement.

The directors of IPP have requested that Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) provide an independent expert's report advising whether, in our opinion, the Proposed Scheme is in the best interests of the Non-Associated Shareholders.

This independent expert's report has been prepared in a manner consistent with Part 3 of Schedule 8 of the Corporations Regulations 2001 (Cth) (Part 3) to assist the Non-Associated Shareholders in their consideration of the Proposed Scheme. We have prepared this report having regard to Australian Securities and Investments Commission (ASIC) Regulatory Guide 111 and ASIC Regulatory Guide 112.

This report is to be included in the Scheme Booklet to be sent to the Non-Associated Shareholders and has been prepared for the exclusive purpose of assisting the Non-Associated Shareholders in their consideration of the Proposed Scheme. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Non-Associated Shareholders and IPP, in respect of this report, including any errors or omissions, however caused.

Basis of evaluation

Guidance

In undertaking the work associated with this report, we have had regard to ASIC Regulatory Guide 111 in relation to the content of expert's reports and ASIC Regulatory Guide 112 in respect of the independence of experts.

Schemes of arrangement can include many different types of transactions, including being used as an alternative to a Chapter 6 takeover bid. The basis of evaluation selected by the expert must be appropriate for the nature of each specific transaction.

Section 640 of the Corporations Act 2001 (Section 640) requires an independent expert's report in connection with a takeover offer to state whether, in the expert's opinion, the takeover offer is fair and reasonable. Where the scheme of arrangement has the same effect as a takeover, the form of analysis used by the expert should be substantially the same as for a takeover bid, however, the opinion reached should be whether the proposed scheme is 'in the best interests of the members of the company'. Accordingly, if an expert were to conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the proposed scheme is in the best interests of the members of the company. If an expert were to conclude that the proposal was "not fair but reasonable", it is open to the expert to conclude whether the proposal is in the best interests of the members of the company. If the expert concludes that the proposal is neither fair nor reasonable then the expert would conclude that the proposal is not in the best interest of members.

ASIC Regulatory Guide 111

ASIC Regulatory Guide 111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of s611, a selective capital reduction or selective buy back under Chapter 2J.

Under ASIC Regulatory Guide 111, which provides guidance in respect of the content of expert reports, a control transaction such as the Proposed Scheme is:

- fair, when the value of the consideration is equal to or greater than the value of the securities subject to the Proposed Scheme. The comparison must be made assuming 100% ownership of the target company (i.e. including a control premium)
- reasonable, if it is fair, or despite not being fair, after considering other significant factors, securityholders should accept the offer under the Proposed Scheme, in the absence of any higher bids before the close of the offer.

To assess whether the Proposed Scheme is in the best interests of the Non-Associated Shareholders, we have adopted the test of whether the Proposed Scheme is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

Fairness

We have assessed whether the Proposed Scheme is fair by comparing the value of a share in IPP with the value of the consideration being offered by REA.

We have assessed the value of each IPP share by estimating the current equity value of IPP on a control basis and dividing this value by the number of shares on issue.

The shares in IPP have been valued at fair market value, which we have defined as the amount at which the shares would be expected to change hands between a knowledgeable and willing but not anxious buyer and a knowledgeable and willing but not anxious seller, neither of whom is under any compulsion to buy or sell. Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation of a share in IPP has not been premised on the existence of a special purchaser.

Reasonableness

To assess the reasonableness of the Proposed Scheme we considered the following significant factors in addition to determining whether the Proposed Scheme is fair:

- REA’s existing shareholding in IPP
- the likelihood of an alternative offer being made
- the likely market price and liquidity of IPP shares in the absence of the Proposed Scheme
- other implications associated with Non-Associated Shareholders rejecting the Proposed Scheme.

Summary and conclusion

In our opinion, the Proposed Scheme is reasonable and therefore is in the best interests of Non-Associated Shareholders. In arriving at this opinion, we have had regard to the following factors.

The Proposed Scheme is fair

According to ASIC Regulatory Guide 111, in order to assess whether the Proposed Scheme is fair, the independent expert is required to compare the fair market value of a share in IPP on a control basis with the fair market value of the consideration under the Proposed Scheme. The Proposed Scheme is fair if the value of the consideration is equal to or greater than the value of the securities subject to the offer.

Set out in the table below is a comparison of our assessment of the fair market value of an IPP share with the two alternate consideration options offered by REA. In providing our fairness assessment, we have not considered which of the two alternate consideration options is superior, but rather have had regard to the estimated minimum value of the consideration offered under the Mixed Consideration as well as the Cash Consideration relative to our assessed fair market value of an IPP share (on a control basis).

Table 1: Fairness assessment

	Low (\$)	High (\$)
Estimated fair market value of an IPP share (control basis)	3.59	4.54
Value of consideration offered per share under the Cash Consideration	4.00	4.00
Estimated minimum value of consideration offered under the Mixed Consideration ¹	3.86	3.86

Source: Deloitte Corporate Finance analysis

Note: 1. Details of our calculation of the estimated minimum value of consideration offered under the Mixed Consideration is included at Section 5 and Appendix C of this report. As indicated in these sections, the actual consideration received under the Mixed Consideration would depend on a number of factors including the future financial performance of IPP and thus the above estimated value is not the only possible outcome.

Whilst our valuation range in relation to the estimated fair market value of an IPP share (on a control basis) is wider than would often be the presented, in our opinion, a wider range is not unreasonable given the high growth prospects of IPP.

The consideration per share offered by REA:

- based on the Cash Consideration is within the range of our estimate of the fair market value of an IPP share
- based on the Mixed Consideration is within the range of our estimate of the fair market value of an IPP share

It is our opinion that the Proposed Scheme is fair.

Valuation of IPP

We have estimated the fair market value of IPP using the sum of the parts approach. This approach values each key IPP business, including allocation of corporate overheads, separately. In valuing each business, we have applied the discounted cash flow method, which estimates the value of IPP by discounting its estimated future cash flows to their present value.

Our valuation of IPP using the sum of the parts approach is summarised in the following table.

Table 2: Valuation of IPP

	Value (\$'m)	
	Low	High
IPP business		
Malaysia	472	593
Hong Kong	105	137
Other ¹	91	117
Total enterprise value (control basis)	668	847
Add: Net cash ²	6	6
Total equity value (control basis)	674	853
Number of shares outstanding ('m)	187.7	187.7
Value per share (\$)	3.59	4.54

Source: Deloitte Corporate Finance analysis

Notes:

1. Other IPP business relates to Singapore, Indonesia, Thailand and the International Project Marketing (IPM) business.
2. Net cash position as at 30 September 2015 which is expected to be similar to net cash at completion date.

Management of IPP has prepared financial projections that align with the long-term strategic plan for the Company. The financial projections, which have been prepared for each of the Company's six business units, consist of nominal after tax cash flows up to and including the year ending 31 December 2020.

Each of the business units exhibits different growth profiles, including different assumptions with respect to price expansion, margins and market penetration. Based on IPP's financial projections, net cash flows attributable to Indonesia, Thailand, Singapore and IPM are individually relatively small compared to the group's overall cash flows and accordingly our valuation findings in relation to these have been grouped as 'Other' in the above table.

We have undertaken sufficient work to assess whether the financial projections are suitable for the purposes of assessing the fairness and reasonableness of the Proposed Scheme in accordance with ASIC Regulatory Guide 111. Further discussion with respect to IPP's cash flow projections is included at Section 4.

Our detailed analysis with respect to our valuation of IPP is also set out in Section 4.

The Proposed Scheme is reasonable

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Proposed Scheme is reasonable. We have also considered the following factors in assessing the reasonableness of the Proposed Scheme.

- REA holds a potential blocking stake with respect to any future potential offer if the Proposed Scheme is not implemented
- shareholders have the opportunity to realise their investment in IPP at a premium to IPP's share price prior to the announcement of the Proposed Scheme and acceptance of the Cash Consideration removes uncertainty regarding achievability of future earnings growth
- IPP's share price in the absence of the Proposed Scheme is likely to trade lower than the consideration offered by REA

Conclusion on reasonableness

As the Proposed Scheme is fair, it is also reasonable.

Other matters

Currency


All dollar amounts in this report are in Australian currency unless otherwise indicated.

Opinion

In our opinion, the Proposed Scheme is fair and reasonable to Non-Associated Shareholders. It is therefore in the best interests of the Non-Associated Shareholders. An individual shareholder's decision in relation to the Proposed Scheme may be influenced by his or her particular circumstances. These individual circumstances may range from personal tax considerations through to risk appetite which may also influence their interest or ability to take up the Mixed Consideration. Non-Associated Shareholders should consult an independent advisor who would have regard to these individual circumstances.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully



Stephen Ferris
Authorised Representative 460999



Stephen Reid
Authorised Representative 461011

Glossary

Reference	Definition
AFSL	Australian Financial Services Licence
APESB	Accounting Professional and Ethical Standards Board Limited
ASEAN	Association of Southeast Asian Nations
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
AUD	Australian dollars
AUASB	Auditing and Assurance Standards Board
BidCo	Austin BidCo Pty Ltd
bps	Basis points
β	beta
Catcha	Catcha Group Pte Ltd
CAPM	Capital Asset Pricing model
Company, the	iProperty Group Limited
CRM	Customer relationship management
DCF	Discounted cash flow
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EMRP	Equity Market Risk Premium
FICS	Financial Industry Complaints Service
FSG	Financial Services Guide
FY	Financial year
GDP	Gross domestic product
GST	Goods and services tax
IBIS	IBIS World Pty Ltd
IPM	iProperty's International Project Marketing business
IPP	iProperty Group Limited
iProperty	iProperty Group Limited
Independent Directors	Directors of iProperty who are independent of REA
K_d	Cost of debt capital
K_e	Cost of equity capital
LTI	Long term incentives
LVR	Loan to value ratio
Management	Management of IPP
Non-Associated Shareholders	Non REA shareholders of IPP
NPAT	Net profit after tax
NPV	Net present value
NTA	Net tangible assets
Opex	Operating expenses
PDS	Product Disclosure Statement
REA	REA Group Limited
R_f	Risk free rate of return
R_m	Expected return on the market portfolio
Section 640	Section 640 of the Corporations Act 2001
Scheme Implementation Deed	The scheme implementation deed between realestate.com.au Pty Limited, REA Group Limited and iProperty Group Limited
US	United States
WACC	Weighted average cost of capital

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1 Overview of the Proposed Scheme

1.1 Summary

On 2 November 2015, IPP announced that it had entered into a Scheme Implementation Deed under which a wholly owned subsidiary of REA, BidCo would acquire 100% of the ordinary shares outstanding in IPP. In the event that the Proposed Transaction is implemented, Non-Associated Shareholders would be entitled to receive:

- Cash Consideration, consisting of \$4.00 per IPP share held; or
- alternatively, Non-Associated Shareholders other than the ineligible foreign shareholders can elect to receive the Mixed Consideration, consisting of a combination of \$1.20 cash and 0.7 B-Class shares in RollCo, an unlisted Australian company, newly established by REA and with an indirect minority equity interest in IPP through BidCo, subject to a scale back in certain circumstances (as described further in section 1.1.2 below and section 3.4(a) of the Scheme Booklet).

The above Proposed Transaction will be effected by way of court approved scheme of arrangement and is subject to a number of conditions precedent, as discussed at 1.2 below.

1.1.1 Cash Consideration

The Cash Consideration affords Non-Associated Shareholders an opportunity to exit their investment in IPP and receive consideration of \$4.00 per IPP share held. This election is the default option for all Non-Associated Shareholders.

1.1.2 Mixed Consideration

Non-Associated Shareholders (other than ineligible foreign shareholders) have the option to elect the Mixed Consideration.

Under the Mixed Consideration, Non-Associated Shareholders will receive \$1.20 in cash as well as 0.7 B-Class shares in RollCo for every share they hold in IPP subject to a scale back in certain circumstances. The extent of the scale back on the number of B-Class shares in RollCo received for each IPP share as part of the Mixed Consideration may be significant and will depend on the number of IPP shareholders who validly elect the Mixed Consideration and will not be known until after the scheme record date (being after the date of the scheme meeting). The maximum possible scale back (based on the assumption that all Non-Associated Shareholders are entitled to, and do, elect the Mixed Consideration) would result in shareholders making a valid election for Mixed Consideration receiving \$2.965 cash and 0.259 B-Class shares in RollCo for each IPP share. For further information on the scale back, please refer to section 3.4(a) of the Scheme Booklet. From an individual shareholder's perspective, the B-Class shares would represent a minority holding in an unlisted Australian vehicle.

A key condition precedent of the Proposed Scheme is that the maximum cash consideration payable by REA is equal to or less than \$500 million. Satisfaction of this condition precedent would require at least approximately 19.8% of Non-Associated Shareholders to validly elect the Mixed Consideration which would result in RollCo holding at least 10.7% of the equity in BidCo.

If the Proposed Scheme is implemented, RollCo's interest in BidCo will be subject to a 20% ownership cap, thereby limiting the amount of Mixed Consideration RollCo scrip available to Non-Associated Shareholders. Where valid elections for the Mixed Consideration are received which would result in RollCo holding more than 20% in BidCo, a proportionate scale-back on such valid elections will apply, as described above.

Under the terms of the Proposed Scheme, B-Class RollCo shareholders would hold their indirect interest in IPP until no later than the first half of calendar year 2018¹. To facilitate this:

- put options granted to B-Class RollCo shareholders (the RollCo Put Options) will allow B-Class RollCo shareholders to sell their B-Class RollCo shares to realestate.com.au. The RollCo Put Options will be exercisable at specific time periods following the release of BidCo's FY2016 and FY2017 audited financial accounts (the Performance Periods). The sale price for the B-Class RollCo shares

¹ Except in limited circumstances where there is a dispute between RollCo and Realestate.com.au as to the exercise price of put or call options, in which case the B-Class RollCo Shareholders may retain their interest into the second half of calendar year 2018.

under this mechanism will be calculated based on specified Revenue hurdles in FY2016 and Revenue and EBITDA hurdles in FY2017 for BidCo during the Performance Periods, as described below.

- Contemporaneously, realestate.com.au will be issued with call options (the realestate.com.au Call Options). The realestate.com.au Call Options must be exercised following the release of BidCo's FY2017 audited financial accounts in the event that the exercise of the RollCo Put Options does not result in the sale of all B-Class RollCo shares to realestate.com.au².

Other put and call options exist which can be exercised in varying circumstances for varying prices. Under the terms of put and call options, the total price Non-Associated Shareholders will receive in relation to their B-Class shares will be in the range of \$4.00 (assuming the least favourable outcome)³ and \$5.29 (assuming the most favourable outcome).

Key terms of the put and call options (together, the Progressive Exit Mechanism) are presented in the table below.

Table 3: Terms of the Progressive Exit Mechanism under the Mixed Consideration

Earnout Period	Description	Hurdles	Sale price
FY16	B-Class Shareholders can exercise a put option to dispose of 25-50% of their B-Class Shares (FY16 Put Option)	FY16 Revenue Hurdle= \$45 million	<ul style="list-style-type: none"> if the FY16 Revenue Hurdle is not met, <i>Sale Price</i> = \$4.00 * 1.035 = \$4.14 if the FY16 Revenue Hurdle is met or exceeded by less than 15%, <i>Sale Price</i> = \$4.00 * 1.13 = \$4.52 if the FY16 Revenue Hurdle is exceeded by 15% or more, <i>Sale Price</i> = \$4.00 * 1.15 = \$4.60
FY17	B-Class Shareholders can exercise a put option on the remainder of the B-Class Shareholders's shares (FY17 Put Option)	FY17 Revenue Hurdle= \$67 million FY17 EBITDA Hurdle= \$22 million	$\text{Sale Price} = ((\text{Revenue Tranche Price}^{0.5} + \text{EBITDA Tranche Price}^{0.5})/2)^2$ where: Revenue Tranche Price: <ul style="list-style-type: none"> if FY17 Revenue Hurdle is not met: Revenue Tranche Price = \$4.00 * 1.035 * 1.035 = \$4.2849 if FY17 Revenue Hurdle is met or exceeded by less than or equal to 15%: Revenue Tranche Price = \$4.00 * 1.13 * 1.13 = \$5.1076 if FY17 Revenue Hurdle is exceeded by 15% or more: Revenue Tranche Price = \$4.00 * 1.15 * 1.15 = \$5.29 EBITDA Tranche Price: <ul style="list-style-type: none"> if FY17 EBITDA Hurdle is missed by more than 10%: EBITDA Tranche Price = \$4.00 * 1.035 * 1.035 = \$4.2849 if FY17 EBITDA Hurdle is missed by 10% or less: EBITDA Tranche Price = \$4.00 * 1.13 * 1.13 * FY17 EBITDA / FY17 EBITDA Hurdle if FY17 EBITDA Hurdle is met or exceeded by less than or equal to 15%: EBITDA Tranche Price = \$4.00 * 1.13 * 1.13 = \$5.1076 if FY17 EBITDA Hurdle is exceeded by 15% or more: EBITDA Tranche Price = \$4.00 * 1.15 * 1.15 = \$5.29
FY17	REA must exercise a call option over the remainder of the B-Class Shareholders' shares subject to the FY17 Put Options, in the event the FY17 Put Options are not exercised (FY17 Call Option)	Same as the Hurdles existing for the FY17 Put Option	Same as FY17 Sale Price for FY17 Put Option
Variable	B-Class Shareholders have an emergency put option on all their shares (Emergency Put Option): <ul style="list-style-type: none"> any time after 31 December 2016, or any time if the Net Leverage Ratio of REA Group exceeds 3.5 times 	-	Emergency Put Price = \$4.00 * (1 + 0.035 per annum on a pro-rata compounded basis)
Default	In the event of Rollco's default	-	realestate.com.au may elect to acquire all B-Class shares at \$4.00 per B-Class Rollco Share
	In the event of a B-Class	-	realestate.com.au may elect to purchase the defaulting B-Class Rollco

² In the event that the FY2017 put options are not exercised, REA must exercise the FY2017 call options.

³ B-Class Shares may only be purchased by realestate.com.au at \$4.00 if either Rollco commits an 'Event of Default' under the Shareholders' Deed or Rollco Constitution (in which case realestate.com.au may purchase all B-Class Rollco Shares then on issue at \$4.00) or if a B-Class Shareholder commits an 'Event of Default' under the Rollco Constitution (in which case realestate.com.au may purchase that B-Class Rollco Shareholder's B-Class Rollco Shares at \$4.00).

	Rollco Shareholder's default	Shareholder's B-Class Rollco Shares at \$4.00 per B-Class Rollco Share
	In the event of realestate.com.au's default	B-Class Shareholders may elect to sell their shares at \$4.00 * 1.3225 = \$5.29 per B-Class Rollco Share
Tag along	In the event realestate.com.au sells its shares in Bidco to a third party (amongst other things)	B-Class Shareholders may elect to sell their shares at \$4.00 * 1.3225 = \$5.29 per B-Class Rollco Share (amongst other options)
Any time		realestate.com.au may at any time purchase all B-Class Shares at \$4.00 * 1.3225 = \$5.29 per B-Class Rollco Share

Source: RollCo Constitution

Notes:

1. Revenue means consolidated audited revenue of the business carried out by BidCo Group adjusted in accordance with RollCo adjustment mechanisms detailed in RollCo constitution
2. EBITDA means consolidated audited EBITDA of the business carried out by BidCo Group adjusted in accordance with RollCo adjustment mechanisms detailed in RollCo constitution

Non-Associated Shareholders should refer to the Scheme Booklet for complete terms of the Progressive Exit Mechanism.

Despite our opinion that that Proposed Scheme is fair and reasonable to Non-Associated Shareholders, and is therefore in the best interests of Non-Associated Shareholders, we express no opinion on the likelihood of whether or not the revenue and EBITDA hurdles in Table 3 will be reached.

1.2 Key conditions of the Proposed Scheme

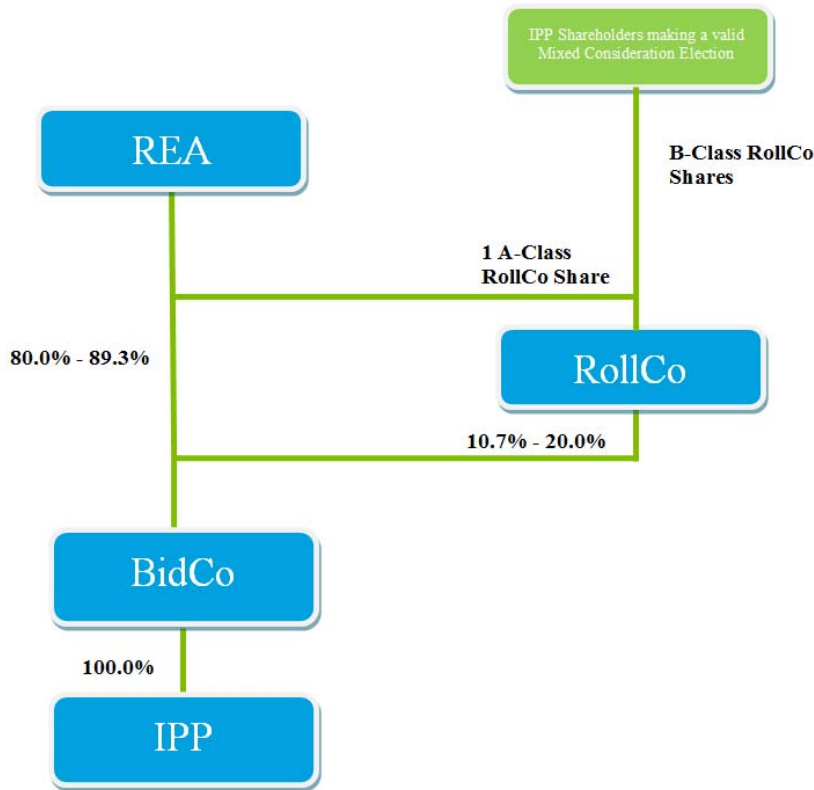
The Proposed Scheme is subject to various conditions, the most significant outstanding conditions being:

- approval of the Proposed Scheme by Non-Associated Shareholders
- obtaining necessary Court approval
- sufficient valid elections being received for the Mixed Consideration such that the maximum cash consideration payable by REA is equal to or less than \$500 million
- no 'material adverse change' as described at Schedule 1 of the Scheme Implementation Deed; and
- no 'prescribed occurrences' as described at Schedule 1 of the Scheme Implementation Deed.

1.3 Intentions if the Proposed Scheme proceeds

The following diagram illustrates the proposed structure of IPP if the Proposed Scheme proceeds.

Figure 1: Proposed structure of IPP



Source: Deloitte Analysis

If the Proposed Scheme proceeds, IPP will become a majority owned subsidiary of REA and will be subsequently de-listed from the ASX. Following completion, it is REA’s intention to continue to operate the IPP business in a similar manner in which it is currently conducted (as more fully explained in the Scheme Booklet) and subject to the terms of the shareholders’ deed, as detailed in the Scheme Booklet.

Through mechanisms described at Section 1.1.2 above, IPP will become a wholly owned subsidiary of REA no later than the first half of calendar year 2018.

Further details are disclosed in the Scheme Booklet.

2 Industry overview

2.1 Introduction

IPP operates within the online real estate advertising market across the Asian region. They operate websites which provide listings for properties for sale or lease, connecting agents and developers with potential buyers.

Markets in which IPP operates include Malaysia, Hong Kong & Macau, Singapore, Indonesia and Thailand.

For online real estate advertising, revenue streams are based on fees charged per property listed on the website, as well as monthly subscription fees. In turn, the number of listings that a website is able to attract is driven by the strength of the market (i.e. the level of transaction activity), as well as the ability of a particular website to attract customers to advertise on its website.

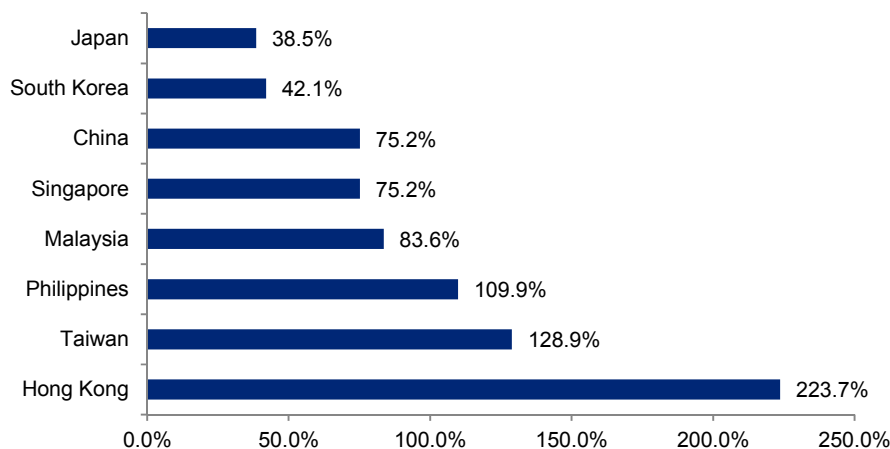
Traditionally, real estate advertisers used conventional advertising media such as print as the most common form of presenting real estate for sale or rent. However, with the rise and continued increased penetration of the internet, online advertising has come to the forefront.

Online real estate marketers are now also directly offering properties from developers, assisting with the provision of rental or other property related agreements, as well as venturing into the direct sale of property online (without intermediaries such as real estate agents).

2.2 Property markets in Asia

Over the last decade property markets in Asia have improved considerably on the back of enhanced economic conditions since the global financial crisis and continued investment from foreign sources. Significant capital flows into the region saw transaction activity and prices improve substantially over the period. Percentage increases in house prices in the region are highlighted below.

Figure 2: House price increases over the last 10 years



Source: Global Property Guide

More recently with the slowing of the Chinese economy and possible US interest rate rises, there is some evidence of softening in residential property markets across Asia.

2.2.1 Capital flows

Strong capital flows have been facilitated by sustained low levels of global interest rates as well as Asian institutional investors accumulating and investing more funds within their local economies.

Asia is now starting to struggle to absorb the constant flow of capital, with the continued flow of funds into the housing market causing prices to reflect liquidity rather than fundamental values for properties. Current indications are that property prices are inflated to unsustainable levels as reflected by yields in major markets across Asia decreasing by 0.5% or more in the first three quarters of 2014.

Forecast increases in interest rates, in particular the US base rate, are having an overhanging effect on Asian property markets. With regard to Hong Kong, any increase in US interest rates will have a significant impact as the currency is pegged to the US dollar.

2.2.2 Regulatory framework

Throughout Asia government and regulatory authorities are beginning to intervene in property markets as a means of slowing growth in residential pricing and curbing high levels of household debt. With prices in the region rising to their peak in recent years, so too has the level of regulation. Property related measures recently introduced in Asia include:

- the Hong Kong Monetary Authority (HKMA) introduced mortgage restrictions, reducing loan-to-value ratios (LVR) from 70% to 60% for homes valued at less than HKD7 million
- in Singapore, 10 separate tightening measures have been introduced since 2009 including stamp duty increases, several LVR decreases and capping of mortgage tenures
- in Indonesia, lower LVRs on mortgages were imposed for second homes in March 2013
- in Malaysia, a 30% tax on net gains on properties sold within three years was introduced along with LVR tightening throughout 2013 and 2014. The country also ended a developer incentive scheme
- in the Philippines, bank stress testing was introduced and stricter capital requirements for mortgage lending was put into place in 2014.

2.2.3 Market transparency

Market transparency is a key factor in encouraging investment inflows, including with respect to the property sector. Market transparency has improved throughout Asia over the last decade, especially in the more developed housing markets of Hong Kong and Singapore which rank 13th and 14th, respectively⁴. However, less developed markets such as Indonesia and Thailand trail significantly behind as illustrated in the following table.

Table 4: Global real estate transparency scores

Country	2014 Rank	2014 Score	2012 Score
Australia	3	1.4	1.4
New Zealand	4	1.4	1.5
Singapore	13	1.8	1.9
Hong Kong	14	1.9	1.8
Japan	26	2.2	2.4
Malaysia	27	2.3	2.3
Taiwan	29	2.6	2.6
China	35	2.7	2.8
Thailand	36	2.8	2.9
Philippines	38	2.8	2.9
Indonesia	39	2.8	2.9
South Korea	43	2.9	3.0
India	40	2.9	3.1
Vietnam	68	3.6	3.8

Source: Jones Lang Lasalle, Real Estate Transparency Asia Pacific

Despite improvements in some key markets in Asia, overall transparency remains an issue with availability of quality information remaining scarce. Notwithstanding, countries such as Malaysia and Hong Kong, which constitute a significant proportion of IPP's overall business, are at the higher end of the transparency spectrum based on the above metrics.

⁴ Global Real Estate Transparency Index 2014 – Jones Lang Lasalle

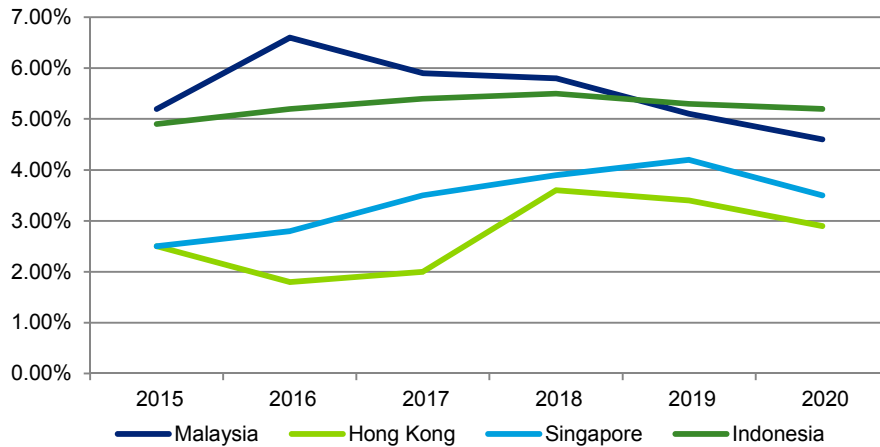
2.3 Future considerations: Economic and population factors

Economic and population factors are key considerations in driving activity within the property industry.

2.3.1 Forecast economic performance

Activity in the property market is highly sensitive to economic conditions. Economic conditions, which have significant influence on consumer confidence and disposable incomes, affect the overall buoyancy of the property market and in turn the number of listings on real estate websites. Forecast GDP growth rates for four of the jurisdictions in which IPP operates are illustrated in the following graph.

Figure 3: Forecast GDP growth

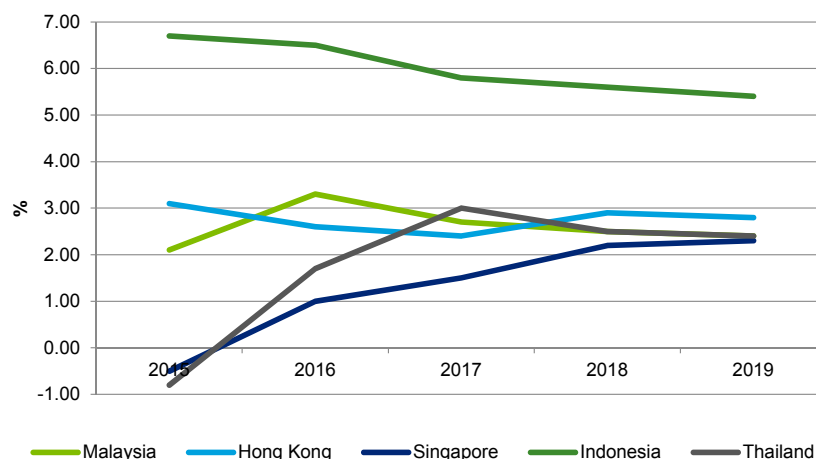


Source: EIU

As illustrated above, whilst Malaysian growth is expected to increase towards 6.5% in the 2015/ 2016 period, the country is expected to experience a marked decline in GDP growth between 2016 and 2020, however, we note rates of growth remain strong at over 4% over the forecast period. Growth is also expected to taper in Hong Kong over 2016/ 2017 before accelerating over 2018 which may lead to short term fluctuations in its property market.

Activity levels within the property market are susceptible to affordability factors such as inflation. The following graph illustrates forecast inflation forecasts.

Figure 4: Forecast CPI growth



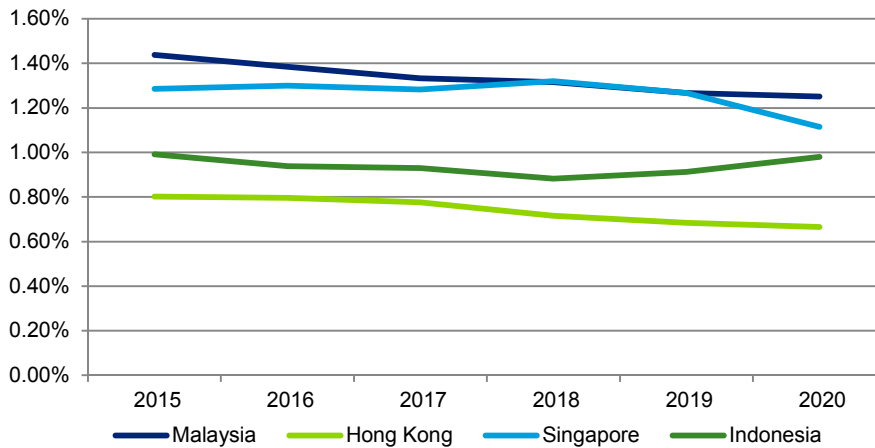
Source: EIU

Inflation growth in Indonesia is expected to decline, however, still remain significantly above that of other markets in which IPP operates. The above graph also illustrates a generally narrow band of CPI growth of between 2% and 3% for IPP’s major markets of Malaysia and Hong Kong, over the forecast period.

2.3.2 Forecast population growth

Long term demand for residential property is also influenced by population growth. As illustrated below for markets in which IPP operates, forecast rates of population growth are generally expected to decline between 2015 and 2020.

Figure 5: Forecast population growth



Source: EIU

Whilst population growth is expected to decline across IPP’s major markets, in our view, given the incremental reduction in growth suggested by the above data, population factors are unlikely to lead to a marked decline in property demand for IPP.

2.4 Evolution of advertising platforms

Real estate advertising has traditionally been focused on print and other forms of media, including newspaper classifieds, specialised lift-out sections and magazines. However, in key developed markets globally, the migration of advertising budgets towards online media has been underway for a number of years.

While media consumption in Asia is still dominated by television, time spent online in emerging markets is rising rapidly and hence online advertising is becoming an important tool in real estate transactions. Technology improvements are increasing the usage of the internet throughout Asia, with improved infrastructure and reduced technology costs providing greater broadband access to the Asian population.

The use of smartphones and other internet-enabled devices is also on the rise, with the percentage of Asian consumers possessing smartphones increasing considerably. Studies completed by Nielsen⁵ show that Asia (excluding Japan) has surpassed Europe and western markets on video consumption via internet or mobiles. Users now have access to the internet as and when they want it and are now also ‘media multi-tasking’, viewing a multitude of media at one time.

Increased opportunities for real estate advertisers through hand held devices will be mitigated slightly by the limitations currently experienced by using apps compared to home computers. Apps often do not have the full functionality of a website and as a result information provided in apps can be more succinct. Competition in the development of apps and the speed of technology advancement is also very high and as a result it will be important for real estate advertisers to provide users with the best user experience possible by continually improving their online offering.

⁵ Nielsen’s global media consumption index.

3 Profile of iProperty

3.1 Introduction

IPP was established in Malaysia in 2003, before listing on the ASX in September 2007. The Company, headquartered in Kuala Lumpur, develops, operates and owns a number of online real estate property portals in targeted growth markets in the ASEAN and Hong Kong regions, through which it provides online advertising and other complementary marketing services to real estate agents and property developers.

As at 31 October 2015, IPP had a market capitalisation of \$659 million.

3.2 Overview of operations

IPP’s operating model is focused on generating advertising revenue (i.e. property listings) from real estate agents and property developers, leveraged from a relatively low fixed cost base.

In addition, the Company’s International Project Marketing business (also known as IPM or the Transaction Businesses) was established in 2014 and is focused on working with developers to generate sales for success based marketing fees. Throughout 2015, IPP has sought to widen the focus of this business to include international developers from outside the ASEAN and greater Hong Kong and Macau region.

3.2.1 Summary

IPP has in excess of 32,000 paying agents and 360 developer clients across over 20 online portals in Malaysia, Singapore, Thailand, Indonesia, Hong Kong, Macau and the Philippines. Set out below is a breakdown of IPP’s revenue and EBITDA by geography.

Figure 6: Geographic breakdown of revenue (1HY2015)¹

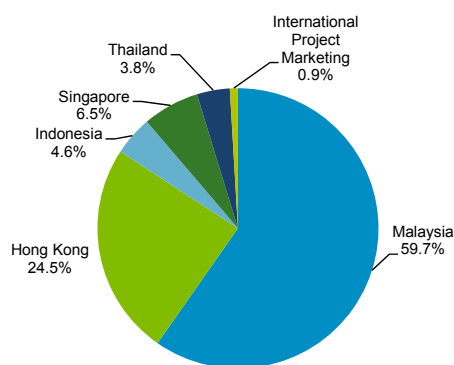
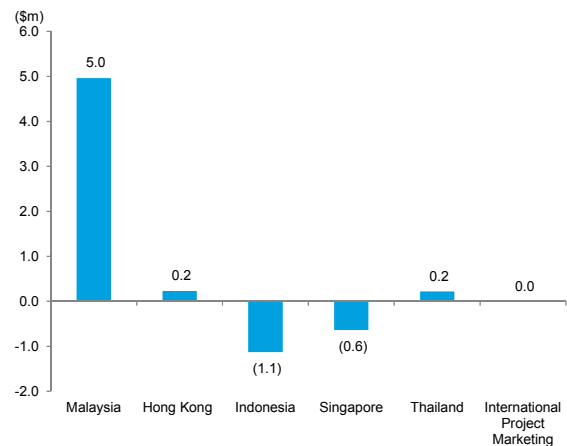


Figure 7: Geographic split of EBITDA (1HY2015)¹



Source: IPP

Note:

1. Macau is included in Hong Kong figures. The Philippines is included in Malaysia figures. IPM is Singapore based, however, has been separately disclosed due to different operating profile to the rest of the Singapore business.
2. Thailand incorporates three months of data as ThinkOfLiving.com was acquired on 1 April 2015.

With its operations targeted towards developing economies based in Asia, IPP’s growth profile is at a relatively early stage. The Company reported annual revenue growth of 23% in FY2013, 15% in FY2014 and 37% revenue growth for 1HY2015. Losses incurred by the Company have also declined with IPP incurring an EBITDA loss of \$2.9 million in FY2013 and a loss of \$0.4 million in FY2014.

The Company expects to report its maiden full-year EBITDA profit for the year ending 31 December 2015, with the Company disclosing revised EBITDA guidance of \$2.5 million for FY2015 in the Scheme Booklet⁶.

The table below summarises IPP's key operating markets and historical metrics with respect to agent and developer growth as well as growth in numbers of listings.

Table 5: Summary of operations

Country	Websites/Businesses	Number of agents ¹ (growth ²)	Number of developers ¹ (growth ²)	Number of listings ¹ (growth ²)	Comments
Malaysia	<ul style="list-style-type: none"> o iProperty.com.my o Thinkproperty.my 	9,784 (+0.0%)	216 (+15.5%)	357,853 (+5.1%)	<ul style="list-style-type: none"> • Market leader with 85% market share in online advertising • Developer clients estimated to represent 70% of the market • Monetisation of new developer solutions (iPropertyIQ (data and research) and iProperty Goggles (virtual show rooms)) • Prices increased in April 2015 for agent subscriptions
Hong Kong (including Macau)	<ul style="list-style-type: none"> o GoHome.com.hk o squarefoot.com.hk o office18.com o House18.com o GoHome.com.mo 	6,453 (-5.9%)	11 (-9.5%)	506,973 (+16.8%)	<ul style="list-style-type: none"> • Market leader with 70% market share in online advertising • Monetisation of new developer solutions (iPropertyIQ (data and research)) • Growth in listings due to a focussed strategy targeting high value agents • Price increased in April 2015 for agent subscriptions
Indonesia	<ul style="list-style-type: none"> o rumah123.com o rumahdanproperti.com o Mobil123.com 	9,482 (+13.1%)	89 (-5.6%)	425,226 (+41.6%)	<ul style="list-style-type: none"> • Market leader with 50% market share in a highly fragmented market • Rollout of a new basic CRM system (iRealtor 2.0) for real estate agents from May 2015
Singapore	<ul style="list-style-type: none"> o iProperty.com.sg o Thinkproperty.com.sg o SG-House.com o Info-tools 	2,107 (-21.4%)	8 (-25.3%)	36,131 (-39.0%)	<ul style="list-style-type: none"> • Strong competitor but not market leader • The Singapore business has experienced a consistent decline in agents since March 2014 (with a pronounced decline in the month of October 2014). The IPM business was launched in this jurisdiction in August 2014.
Thailand	<ul style="list-style-type: none"> o ThinkOfLiving.com o Prakard.com 	n/a	39 (n/m)	n/a	<ul style="list-style-type: none"> • Recent acquisitions completed between April and October 2015 • Market leader with a market share of 50% in online advertising • ThinkOfLiving.com business predominantly caters to developers (106 developer clients) whilst Prakard focuses on private listing and agent segment
Philippines	<ul style="list-style-type: none"> o iproperty.com.ph 	4,341 (n/a)	n/a	149,163 (n/a)	<ul style="list-style-type: none"> • A low scale business consisting of two contractors. The financial impact of this region is taken up by the Malaysian jurisdiction. • No revenue generated as agents are non paying
Other regional operations	<ul style="list-style-type: none"> o expo.iproperty.com o iproperty Buyers Club o iproperty.tv o iluxuryasia.com o CommercialAsia.com o Smart Expo 	n/a	n/a	n/a	<ul style="list-style-type: none"> • Provision of a range of complementary services outside of residential property listings • Most of these services are directed at the developer market in the wider Asia region • IPP is the largest operator of property

⁶ As set out in section 4.7 of the Scheme Booklet, the revenue and EBITDA estimates exclude (i) the amortisation of any IPP options or employee IPP share based payments (estimated at an aggregate amount of \$2,400,000 for FY2015) and (ii) transaction costs relating to the Scheme (estimated at an aggregate amount of \$9,900,000 if the Scheme is implemented – see sections 1.5(b) and 8.4 (note 2)) of the Scheme Booklet) and transaction costs relating to other merger and acquisition activity undertaken by IPP (estimated at an aggregate amount of \$300,000).

Country	Websites/Businesses	Number of agents ¹ (growth ²)	Number of developers ¹ (growth ²)	Number of listings ¹ (growth ²)	Comments
					expos in Asia, focused on allowing developers to exhibit projects to local and foreign buyers

Source: IPP financial statements, IPP investor presentation and Deloitte Corporate Finance

Notes:

1. Number of agents, developers and listings as at August 2015 except for Philippines, which is based on September 2015
2. Growth in number of agents, developers and listings represents the CAGR from December 2013 to August 2015
3. n/a : not available; n/m: non-meaningful

IPP has been acquisitive over the past few years, buying several property websites in both new and established territories in Asia:

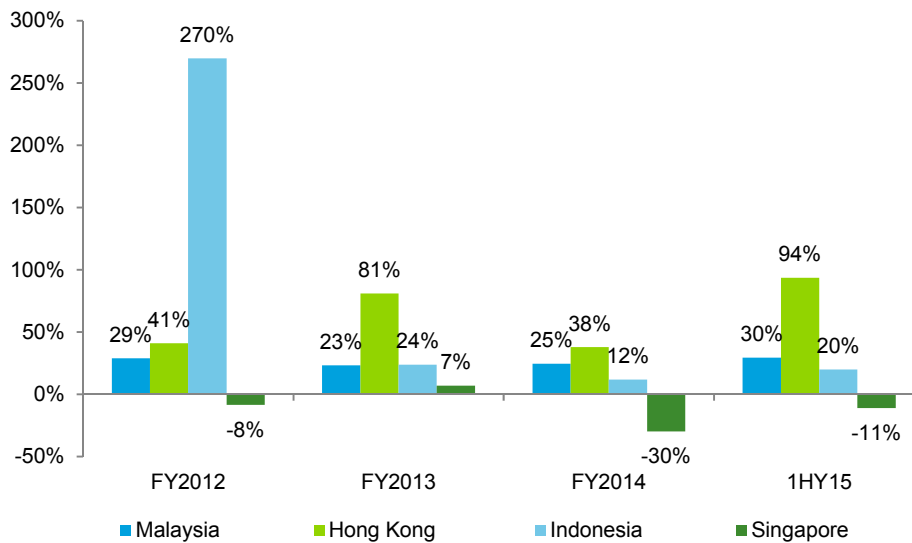
- in October 2015, IPP announced the acquisition of Prakard.com, a real estate portal in Thailand, for consideration of approximately \$2.7 million payable in two tranches and funded from existing cash reserves and cash flow. The transaction is expected to be completed by the end of 2015
- in April 2015, IPP completed the acquisition of ThinkOfLiving.com in Thailand, for upfront consideration of \$8 million (comprising approximately \$6 million in cash and \$2 million in IPP scrip), plus a deferred component contingent on future performance over 2015 to 2017. This transaction facilitated IPP's entry into Thailand, a new market for the Company
- in December 2014, IPP completed the acquisition of Squarefoot.com.hk (Squarefoot) from REA, issuing five million new shares to REA worth \$15 million at the date of the announcement. This transaction consolidated IPP's dominance in Hong Kong as Squarefoot was the second largest property website in that market, behind IPP's gohome.com.hk
- in January 2013, IPP acquired Smart Expo in Hong Kong for a total consideration of approximately \$3 million in cash (over a deferred payment structure). This transaction was part of IPP's strategy to build its offering of complementary services for property developers. Smart Expo was the second largest operator of property expos in the region, behind IPP
- in May 2012, IPP acquired the market leader in Macau, Vproperty.com (Vproperty), for total consideration of US\$0.3 million in cash. The website has since been re-branded gohome.com.mo
- in May 2011, IPP entered the Indonesian market via two separate acquisitions of the websites rumah123.com and rumahdanproperti.com, the largest and third-ranked property websites, respectively, in Indonesia. Total consideration of \$5.3 million was paid for rumah123.com (\$1 million in cash and the remainder in scrip), and consideration of \$0.5 million in cash was paid to acquire rumahdanproperti.com.

3.2.2 Operating markets

Malaysia is IPP's largest market and its most profitable business. Recent trends in this business have been favourable, with strong revenue growth supported by strong GDP growth, government stimulus, continued growth in the property market which remained unaffected by the introduction of a GST as well as heightened levels of overseas investment partly facilitated by a weakening of the Ringgit. Capitalising on its dominant market share, IPP increased prices in FY2014 and in 1HY2015.

In Hong Kong, new property in sought after areas has experienced a recovery during the first quarter of FY2015 while the secondary property market has been depressed due to cooling measures initiated by local authorities. Despite this, Hong Kong (including Macau for IPP's reporting purposes) is IPP's second most profitable market with recent revenue growth stronger than in Malaysia, as a result of IPP's acquisition of Squarefoot in December 2014. Acquisitions have helped expansion in this market, including with respect to Smart Expo and Vproperty. Hong Kong is also IPP's largest market in terms of total advertising spend. IPP implemented price increases in FY2014 for agent products on the gohome.com.hk website.

Figure 8: Revenue growth trends across IPP's geographic operating regions



Source: IPP, Deloitte Corporate Finance analysis

Notes:

1. Data for Singapore does not incorporate the IPM segment.
2. Macau is included in Hong Kong figures. Philippines is included in Malaysia figures
3. Data for 1HY2015 represents the growth in revenue for each region by comparing the 6-month period to 30 June 2015 to the 6-month period to 30 June 2014.
4. Underlying revenue growth in Indonesia for 1HY15 is effected by recognition of revenues from a timing perspective.

The Indonesian business is expected to remain in investment phase for the next two to four years in an effort to achieve greater market penetration. Whilst Indonesia experienced periods of strong growth in 2012 and 2013 in particular, greater restrictions on overseas investments and depressed property market conditions recently have significantly reduced growth in that market.

Singapore is the only market in which IPP is not the market leader. Pronounced revenue declines in FY2014 and 1HY2015 were largely driven by the ongoing transitioning of the business from a domestically focused website advertising business to one focused on regional property development and sales. In this regard, IPP's strategy has been to position the Singapore business as a gateway for international developers to access IPP's customer base in the wider region.

Management began piloting its IPM business out of Singapore in 2014 and is aiming to achieve strong growth with respect to marketing and selling new projects from developers in this business. The IPM business achieved breakeven EBITDA in 1HY2015.

IPP's Thai operations began in April 2015 with the acquisition of ThinkofLiving.com and were recently strengthened through the acquisition of Prakard.com in October 2015. The Thai business generated EBITDA of \$0.2 million in 2Q2015 following the acquisition of ThinkOfLiving.com.

3.2.3 Outlook and strategy

IPP's growth strategy is underpinned by expansion in property markets in developing markets of Asia, combined with the propensity for users in these markets to continue to migrate towards online property advertising.

IPP's strategy comprises three pillars:

1. Maintain and extend its strong positions as profitable market leaders in key markets such as Malaysia, Hong Kong and Thailand which are expected to continue to experience strong economic growth over coming years
2. Grow its emerging businesses in Indonesia and in Thailand where IPP will integrate its new acquisitions. With respect to Indonesia, the Company will seek to capitalise on high forecast GDP growth rates as well as that market's strong population profile
3. Pursue new growth opportunities, which extend IPP's offering to complementary services, such as with IPM and data services.

With respect to the first pillar, the Malaysian and Hong Kong segments contribute to the majority of IPP's revenue and earnings, and IPP has dominant positions in these markets.

3.3 Financial performance

The table below summarises IPP's audited financial performance for FY2013 and FY2014 and reviewed financial performance for the six month period to 30 June 2015.

Table 6: Financial performance

(\$'million)	Audited FY2013	Audited FY2014	Reviewed 1HY2015
Revenue	19.0	21.8	15.1
Operating expenses	(22.0)	(22.2)	(14.4)
EBITDA (before significant items)	(2.9)	(0.4)	0.7
Depreciation and amortisation ¹	(0.4)	(1.6)	(1.8)
EBIT (before significant items)	(3.4)	(2.0)	(1.1)
Interest income	0.3	0.4	0.1
Net profit/ (loss) before tax (before significant items)	(3.1)	(1.6)	(1.1)
Significant items	5.0	(9.0)	(0.4)
Income tax expense	(0.2)	(0.1)	(0.1)
Net profit/ (loss) after tax (after significant items)	1.7	(10.7)	(1.5)
<i>Revenue growth</i>	<i>23.2%</i>	<i>14.6%</i>	<i>37.2%</i> ²
<i>EBITDA margin</i>	<i>n/m</i>	<i>n/m</i>	<i>4.6%</i>

Source: IPP financial statements, Deloitte Corporate Finance analysis

Notes:

1. Includes amortisation of employee options of approximately \$0.9 million in FY2014 and \$2.4 million in FY2015

2. Revenue growth derived by comparing the 6-month period to 30 June 2015 to the 6-month period to 30 June 2014.

3. n/m: not meaningful

We note the following with respect to IPP's financial performance:

- revenue growth to 1HY2015 has been driven by Malaysia and Hong Kong. In Malaysia the growth has been largely organic, whilst growth in Hong Kong has been assisted by the acquisition of Squarefoot in December 2014
- total operating expenses were broadly stable in FY2013 and FY2014. IPP's operating cost base has increased in 1HY2015 relative to 1HY2014, predominantly as a result of recent acquisitions
- EBITDA has experienced continued increases and the Company achieved positive EBITDA for the first time in 1HY15.

In FY2013, Malaysia was the only segment to record a positive EBITDA whilst in FY2014 Malaysia and Hong Kong both recorded positive EBITDA. In 1HY2015, IPP was profitable or broke even in four of its six segments (Malaysia, Hong Kong, Thailand and IPM).

- significant items affecting the Company's financial performance include the following:
 - in FY2013 IPP realised a gain of \$5.0 million upon selling its equity stake in iCar Asia Limited
 - management estimates that political protests in Hong Kong had an adverse impact of approximately \$100,000 at the EBITDA level in FY2014
 - the Company impaired its Singapore and Indonesia segments by \$8.8 million in FY2014, reflecting lower revenue growth expectations and increased levels of investment required in Indonesia

- significant items in 1HY2015 relate to transaction costs.
- on 19 June 2015, IPP announced the following guidance for FY2015:
 - revenues to be between \$32.5 million and \$36 million
 - EBITDA to be between \$3 million and \$6 million.
- in the Scheme Booklet, IPP provided the following revised guidance for FY2015⁷:
 - estimated revenue of \$32 million
 - estimated EBITDA of \$2.5 million

3.4 Financial position

The table below summarises IPP's audited statement of financial position as at 31 December 2014 and reviewed financial position as at 30 June 2015.

Table 7: Financial position

(\$'million)	Audited 31-Dec-2014	Reviewed 30-Jun-2015
Cash	11.7	6.0
Receivables	4.2	5.1
Other	1.1	1.0
Total current assets	17.1	12.1
Property, plant and equipment	0.9	1.2
Intangibles	1.7	5.7
Goodwill	22.6	38.9
Other	0.3	0.4
Total non-current assets	25.4	46.0
Total assets	42.5	58.1
Payables	9.0	9.2
Contingent consideration	0.0	5.1
Provisions	0.7	1.0
Tax liabilities	0.0	0.1
Total current liabilities	9.7	15.4
Deferred contingent consideration	0.0	7.5
Total non-current liabilities	0.0	7.5
Total liabilities	9.7	22.9
Net assets	32.9	35.2

Source: IPP financial statements, Deloitte Corporate Finance analysis

IPP only recently started to record positive operating cash flows at a consolidated level. Historically, the Company's cash position has been supported by the sale of various assets (mobil123.com in FY2012 and iCarAsia in FY2013), as well as by a number of capital raisings (\$8.9 million in FY2011 and \$10 million in FY2012).

We note the following in relation to the balance sheets presented above:

- goodwill is attributable to the Hong Kong and Thailand operations, where goodwill balances are \$19.1 million and \$15.0 million, respectively, as at 30 June 2015.

⁷ See footnote 6 above.

- IPP holds no debt as at 30 June 2015 but has total contingent consideration payable of \$12.6 million in relation to acquisitions undertaken in the past.

3.5 Capital structure

3.5.1 Equity

IPP has 187.7 million ordinary shares on issue. The following table summarises the top ten shareholders of IPP as at 30 October 2015.

Table 8: Top ten shareholders of IPP

Name	No. of shares held ('millions)	Proportion of shares on issue
REA Group Limited	42.6	22.7%
Catcha Group Pte Limited	31.3	16.7%
Australian Foundation Investment Co. Ltd.	5.3	2.8%
Citigroup Global Markets Australia Pty Ltd.	5.2	2.8%
Harbour Asset Management Ltd.	5.1	2.7%
Smallco Investment Manager Ltd.	4.8	2.5%
Goldman Sachs (Settlement Account)	4.1	2.2%
IFM Investors Pty Ltd.	2.9	1.6%
Discovery Asset Management	2.7	1.4%
Tim Stewart	2.5	1.3%
Total	106.5	56.8%
Other shareholders	81.2	43.2%
Total issued capital	187.7	100.0%

Source: S&P Capital IQ

As indicated above, REA and Catcha are the two substantial holders in IPP.

REA first became a shareholder in IPP in July 2014 when it purchased a 17.2% interest from SeLogger.com SA, which operates France's largest property listings portal. REA's shareholding subsequently increased at the following dates:

- in October 2014, REA's interest in IPP increased to 19.4% when REA sold Squarefoot to IPP. Consideration for this transaction was by way of 5 million IPP shares
- Additional increases in REA's holding in IPP's equity, including under creep provisions⁸, were as follows:
 - in December 2014, REA increased its equity interest from 19.4% to 19.9%
 - in July 2015, REA increased its equity interest from 19.9% to 21.3%.
 - in August 2015, REA increased its equity interest from 21.3% to 22.7%.

REA currently has two representatives, Mr Owen Wilson and Mr Arthur Charlaftis, on the Board of IPP.

Catcha first invested in IPP in 2007, prior to its listing on the ASX. Catcha currently has two representatives on the Board of IPP, Mr Patrick Grove and Mr Lucas Elliott.

In addition to ordinary shares, the company has 3,000,000 unlisted options that were issued to Mr Georg Chmiel, the Company's Managing Director and Chief Executive Officer, in FY2014. The options have an exercise price of \$3.13 per share and vest in three equal tranches from 2015 to 2017 based on performance conditions. It is proposed that, conditional on among other things, the scheme becoming effective, these options will be cancelled for cash consideration payable by REA, as described in section 10.3 of the Scheme Booklet.

⁸ Corporations Act 2001, Section 611, Item 9

3.5.2 Share price performance

IPP's historical share price, together with historical volumes of shares traded, is presented graphically in the figure below.

Figure 9: IPP historical share price and trading volume



Source: S&P Capital IQ, Deloitte Corporate Finance analysis

The main movements in IPP's share price and trading volume, as identified in numbers in the above figure, are summarised in the table below:

Table 9: Recent events

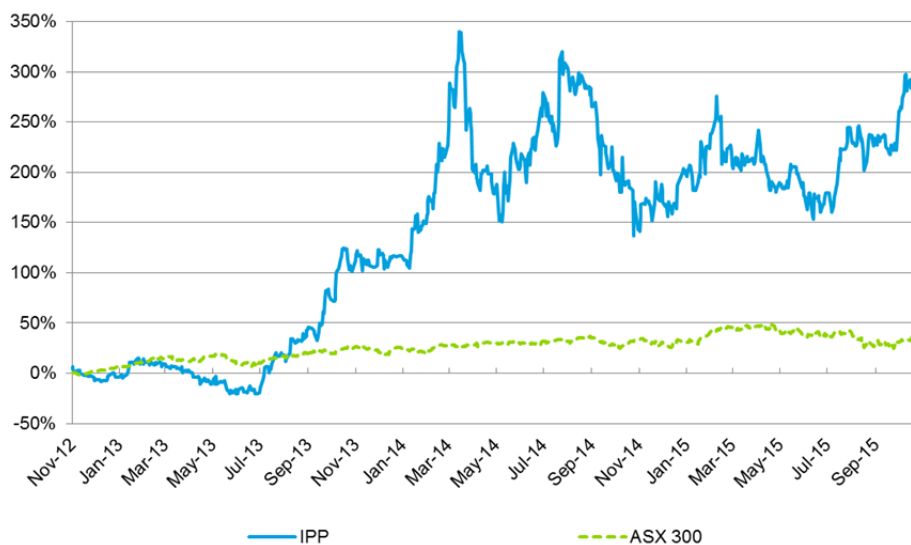
Date	Ref	Notes
7 Oct 2015	1	Announced acquisition of Prakard.com which provided IPP with an opportunity to gain greater leadership in Thailand
6 Oct 2015	2	IPP announced a record growth in cash collections and third consecutive operating cash flow positive period
21 Jul 2015	3	REA increased its holding in IPP from 19.90% to 21.33%
19 Jun 2015	4	IPP increased guidance for revenue and EBITDA for FY2015
1 Apr 2015	5	Completed the acquisition of ThinkOfLiving.com which provided IPP with an opportunity to gain greater market share in Thailand
19 Feb 2015	6	Advertising business of IPP posted a positive EBITDA for the first time
22 Dec 2014	7	Completed the acquisition of Squarefoot from REA group enabling it to be amongst the leading property portals in Hong Kong. With this acquisition, REA group increased its stake in IPP from 17.2% to 19.4%
28 July 2014	8	REA Group acquired a 17.2% stake in IPP from SeLoger.com for a total consideration of \$106.3 million
17 March 2014	9	John Armstrong, CFO of Seek Ltd joins IPP Board
7 March 2014	10	IPP is added to the ASX 300 Index
18 February 2014	11	IPP released the financial statements for FY2013
16 Sept 2013	12	IPP disposed of its equity stake in iCar Asia for a total consideration of \$7.0 million

Date	Ref	Notes
15 Jan 2013	13	Announced acquisition of Smart Expo, one of the largest operators of property expos in Asia
23 Nov 2012	14	IPP released independent data showing GoHome.com.hk was the market leader in Hong Kong by number of listings, page views and unique visitors
15 Nov 2012	15	IPP released data showing it is the dominant property portal in Malaysia, based on number of listings, page views and unique visitors
8 Nov 2012	16	IPP released data showing Rumah.123.com is the leading property portal in Indonesia, based on number of listings, page views and paying agents
24 July 2012	17	Increased its investment by \$1.2 million in rumah.123.com and also launched commercialasia.com
9 July 2012	18	Signed a partnership agreement with China Central Television's online platform which will enable IPP to extend its presence in China
7 June 2012	19	Raised \$10 million in capital, via a private placement to existing and new shareholders, at \$1 per share (vs previous day's close of \$1.08 per share)
14 May 2012	20	Disposed of its stake in mobil123.com in order to focus on property portals
7 May 2012	21	Acquired Vproperty.com, which is one of the leading property portals in Macau enabling IPP to acquire greater market share in Macau

Source: ASX website, Deloitte Corporate Finance

IPP is a constituent of the S&P/ASX 300 Index and S&P/ASX All Ordinaries. The following chart illustrates IPP's share price performance relative to the ASX 300 index.

Figure 10: IPP's share price performance (adjusted for rights issues and dividends)



Source: S&P Capital IQ, Deloitte Corporate Finance analysis

The above chart illustrates IPP's overperformance relative to the S&P/ASX 300 in the period since July 2013, reflecting improvements in key operating metrics and a generally positive growth outlook for the Company over the observed period.

A summary of IPP's recent share price performance and volumes traded is provided below:

Table 10: Trading details in recent quarters

Quarter ending	High (\$)	Low (\$)	Last Trade (\$)	Traded volume (\$m)	Volume traded as % total shares outstanding
30-Sep-15	3.10	2.33	2.94	68.3	12.8%
30-Jun-15	3.06	2.27	2.40	65.4	13.2%
31-Mar-15	3.36	2.52	2.81	83.5	15.6%
31-Dec-14	2.91	2.12	2.68	95.3	20.4%

Source: S&P Capital IQ, Deloitte Corporate Finance

Over the past four quarters, between 10% and 20% of IPP's outstanding shares were traded quarterly.

4 Valuation of iProperty

4.1 Summary

For the purpose of our opinion current fair market value is defined as the amount at which the securities would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither being under a compulsion to buy or sell. We have not considered special value in this assessment.

The fair market value of the equity in IPP reflects the value attributed to its operations adjusted for surplus assets and liabilities and net debt. In considering the value of the operations of IPP as a whole, we have adopted the sum of the parts approach, which values each key IPP business, after allocating corporate overheads, separately.

In estimating the fair market value of each segment, we have applied the discounted cash flow method (DCF), which estimates the value of each business by discounting the estimated future cash flows attributable to each segment to their present value.

The table below summarises our valuation of a share in IPP, based on the sum of parts methodology.

Table 11: Valuation of IPP

	Value (\$'m)	
	Low	High
IPP business		
Malaysia	472	593
Hong Kong	105	137
Other ¹	91	117
Total enterprise value (control basis)	668	847
Add: Net cash ²	6	6
Total equity value (control basis)	674	853
Number of shares outstanding ('m)	187.7	187.7
Value per share (\$)	3.59	4.54

Source: Deloitte Corporate Finance analysis

Notes:

1. Other IPP business relates to Singapore, Indonesia, Thailand and the International Project Marketing (IPM) business.
2. Net cash position as at 30 September 2015

4.2 Basis for selecting the DCF methodology

In selecting the DCF methodology, we have considered the following factors:

- IPP has experienced strong growth in revenues over recent years and is forecast to achieve a modest level of profit for the first time in FY2015. IPP is in the early stages of its growth trajectory from a profitability perspective
- IPP management have prepared cash flow projections to 31 December 2020 (the Projection Period) for each of the six segments it operates, namely Malaysia, Hong Kong, Thailand, Indonesia, Singapore and IPM. Malaysia and Hong Kong are the main contributors to IPP's revenues and earnings over the Projection Period with Thailand and IPM only expected to provide a relatively small net cash flow contribution to IPP over the Projected Period. Indonesia and Singapore are not expected to achieve positive cash flows at all over the Projected Period.

As a valuation cross check, we have considered the EV/ revenue multiples and EV/EBITDA multiples observed for comparable trading companies and recent comparable transactions.

Refer to Appendix B for a detailed discussion on the various valuation methodologies which can be adopted in valuing corporate entities and businesses. Our valuation and analysis is set out below.

4.3 Future cash flows of IPP

4.3.1 General assumptions

IPP management have prepared financial projections in relation to IPP's six business segments⁹ (the Financial Projections). The Financial Projections incorporate nominal after tax cash flows up to and including the year ending 31 December 2020 (the Projection Period).

We note the following with respect to the Financial Projections:

- the projected cash flows represent Management's expected case scenario and align with the Company's long-term strategic plans
- each of the business units exhibits different growth profiles, including different assumptions with respect to pricing, volumes, margins and market shares
- of the six segments, Indonesia and Singapore are not projected to achieve positive cash flows at all over the Projection Period
- the cashflows for each of the business units were prepared in local currency and converted into AUD by Management at a constant spot rate over the Projection Period. For the purposes of our analysis, we have considered Management's cash flows in their local currency
- whilst IPP has undertaken several acquisitions in the past few years, the Financial Projections do not take into consideration any significant additional acquisitions over the Projection Period.

We have undertaken sufficient work to assess whether the financial projections are suitable for the purposes of assessing the fairness and reasonableness of the Proposed Scheme in accordance with ASIC Regulatory Guide 111.

The analysis we have undertaken in respect of the Financial Projections includes:

- a high level examination of the integrity of the Financial Projections, both from the perspective of the accuracy of information modelled and any omissions, and limited analytical procedures regarding the mathematical accuracy of the Financial Projections
- holding discussions with IPP management and its advisors concerning the preparation of the Financial Projections and Management's views regarding the assumptions on which the projections are based.

In addition to holding discussions with IPP management and its advisors, we have reviewed data, reports and other information that is either publicly available or has been made available to us by Management.

Our work did not constitute an audit or review of the Financial Projections in accordance with standards issued by the Auditing and Assurance Standards Board (AUASB) and accordingly we do not express any opinion as to the reliability of the projections. However, the analysis outlined above included a critical analysis of the relevant assumptions on which the projections are based to ensure that those assumptions and therefore the projections are made on reasonable grounds.

Since projections relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the projections are based. Accordingly, actual results are likely to be different from those projected because events and circumstances frequently do not occur as expected, and those differences may be material.

Despite having had regard to the Financial Projections in assessing the value of a share in IPP, we express no opinion on the likelihood of whether or not the revenue and EBITDA hurdles in Table 3 will be reached.

The key assumptions supporting our valuation are described in the following sections.

⁹ Malaysia, Hong Kong, Thailand, Indonesia, Singapore and IPM

4.3.2 Operational assumptions

Revenue

Revenue for IPP is a function of the number of agents and developers, pricing and listing volumes. We note the following with respect to revenues as contained in the Financial Projections:

- Malaysia and Hong Kong are expected to continue to contribute a substantial portion of IPP’s revenues, with revenue contributions of approximately 50% and 20%, respectively, in the period between FY2016 and FY2020
- revenue in Malaysia over the Projection Period is expected to grow significantly as the Company seeks to increase market share in this segment:
 - from its current level for agents of 91% to 98% in 2020; and
 - from its current level for developers of 73% to 90% in 2020

As indicated by the above, IPP’s Malaysian growth is expected to be facilitated by a more concerted focus on developer clients in that market, with revenue growth expected through a mixture of volume as well as price increases.

- Management have identified a number of strategies to grow market share and revenues in the Malaysian segment, including:
 - enhanced online engagement for users through mobile portals
 - loyalty programmes for agents
 - stratified product offerings such as premium listings

In addition, a number of developer products are expected to be deployed including new hardware initiatives such as ‘property goggles’ and data services such as iProperty IQ.

- the Hong Kong segment is also projected to achieve significant revenue growth over the projection period facilitated by increased market penetration for both agents and developers as well as increases in pricing.

Based on the Financial Projections, IPP expects the Hong Kong segment to increase market share:

- from its current level for agents of 62% to 77% in 2020; and
- from its current level for developers of 60% to 75% in 2020
- IPP’s strategy for market share growth in Hong Kong includes:
 - conducting more effective data harvesting to capitalise on the company’s database of sales leads
 - adoption of an integrated sales and marketing campaign through the deployment of new business development systems and infrastructure
 - enhancing current mobile product offerings for the Hong Kong market to satisfy increasing demand in mobile traffic
 - fully integrate and capitalise on the Squarefoot acquisition
- similarly, revenue growth in Singapore, Thailand and Indonesia is expected to be achieved through a mixture of price increases as well as growth in market share. The following table illustrates the current as well as projected market share for these segments as well as the compound annual growth rate in revenues over the Projection Period.

Table 12: Revenue assumptions

Segment	Market penetration in 2015		Market penetration in 2020	
	Agents	Developers	Agents	Developers
Singapore	15%	3%	15%	10%
Thailand	0%	11%	67%	50%
Indonesia	50%	8%	80%	25%

Source: IPP

- given IPM’s relatively early stage of operations, Management project substantial revenue growth for this segment over the Projection Period. We note, however, that this growth is being projected off a relatively low base

Operating expenses

Employment costs represent between 40% and 55% of opex cash flows during the Projection Period. Other costs include events costs, administration and marketing costs.

EBITDA

The Financial Projections indicate an improvement in EBITDA margins for the four profitable businesses¹⁰ over the Projection Period recognising significant revenue growth as well as the cost structure for the IPP segments. Indonesia and Singapore are forecast to continue to be loss-making at the EBITDA level over much of the Projection Period, with Indonesia expected to achieve a break-even EBITDA position for the first time in FY2020.

4.4 Discount rate

In considering an appropriate discount rate to apply to our sum of parts DCF valuation for the IPP businesses, we have had regard to the net cash flow contribution of each of the businesses. In this regard, we note that the Malaysian business currently contributes almost 90% of IPP’s total EBITDA and is projected to contribute approximately two thirds of IPP’s EBITDA over the Projection Period. Accordingly, our detailed discount rate analysis is focussed on this business unit.

Malaysia

The discount rate used to equate the future cash flows to a present value for IPP’s Malaysian business reflects the risk adjusted rate of return demanded by a hypothetical investor. We have selected a range of nominal after tax discount rates of between 12.0% and 14.0% for Malaysia. Further details on our assessment of this rate is provided at Appendix F.

Hong Kong and Singapore

In relation to IPP’s Hong Kong and Singapore businesses, we have selected a discount rate range of 11.0% to 13.0%. In assessing this discount rate range, we have considered the underlying risks associated with both the Hong Kong and Singapore property markets, as well as other factors such as the overall level of transparency in these jurisdictions relative to Malaysia and the other markets in which IPP operates. The market transparency analysis is set out in Section 2.2.3 of our report.

IPM

In considering an appropriate discount rate for IPM, we have had regard to the following:

- the growth rates currently forecast by Management for IPM as well as the different nature of the IPM business compared to IPP’s other business segments
- whilst the IPM business is domiciled in Singapore, it is heavily exposed to adjacent markets, and in particular Malaysia.

Based on the above, we have selected a discount rate of 12.0% to 14.0% for the IPM segment.

¹⁰ Being Malaysia, Hong Kong, Thailand and IPM.

Other segments

In considering appropriate discount rates for the Thailand and Indonesia segments, we have had regard to the following for each segment:

- required rates of returns for similar businesses in similar markets
- the level of sovereign risk in each country
- the level of transparency for the purposes of attracting a sustained level of investment into the jurisdiction in which the segment operates
- financing risks associated with each segment
- varying growth profiles of each segment.

Based on the above, we have selected a range of nominal after tax discount rates of :

- 13.0% to 15.5% for Thailand
- 20.5% to 22.0% for Indonesia.

4.5 Terminal value

The terminal value estimates the value of the ongoing cash flows after the Projection Period. We have adopted the Gordon Growth formula with respect to the terminal value in our DCF calculation for each of the segments.

In selecting our terminal growth rate assumptions, we have considered general economic factors such as CPI and GDP rates of growth over the Projection Period, as discussed in Section 2.3. We have also had regard to rates of growth projected by Management with respect to each segment over the Projection Period.

Based on our analysis, we have selected the following terminal growth rates for each segment:

Table 13: Selected terminal growth rate assumptions

Region	Terminal growth rate
Malaysia	3.50%
Hong Kong	3.50%
Thailand	3.00%
Indonesia	6.00%
Singapore	3.00%
IPM	3.50%

Source: Deloitte Corporate Finance analysis

We note that our selected terminal growth rates generally incorporate a slight premium to the CPI forecast for each country in 2019/2020, as illustrated at Section 2.3. We believe this is appropriate having regard to the relatively strong growth rates currently forecast by Management over the Projection Period.

4.6 Surplus assets/liabilities

IPP does not hold any assets or liabilities which are surplus to its business operations.

4.7 Net debt/ cash

IPP holds no debt. The Company is forecast to have approximately \$4 million in cash as at 31 December 2015.

4.8 Number of shares outstanding

IPP's capital structure is discussed in Section 3.5.

IPP's total number of shares on issue is 187.7 million and there are 3 million options on issue. Under the terms of these options, the Proposed Scheme would trigger their immediate vesting¹¹. We understand, however, that Mr Georg Chmiel, the holder of these options, has agreed in writing to cancellation of the options under the scheme. In the event that the Scheme proceeds, Mr Chmiel will be reimbursed at an amount commensurate with the terms of the options. For the purposes of our valuation the vesting/ cancellation of these options has not been taken into account and in any event they are not material to our valuation.

4.9 Valuation cross-check

To provide additional evidence of the fair market value of a share in IPP, we have considered the revenue and EBITDA multiples implied by our discounted cash flow valuation of IPP compared with the multiples observed for comparable transactions and comparable listed companies. Our analysis is set out below.

4.9.1 Implied revenue and EBITDA multiples

In determining the earnings multiple implied by our discounted cash flow valuation of IPP, we have applied our assessed enterprise value to IPP's forecast FY16 revenue and EBITDA as per Management's projections.

The table below sets out the earnings multiple implied by our valuation of IPP.

Table 14: Implied EBITDA multiples on a control basis for IPP

	Value	Low	High
Assessed enterprise value – 100% (on a control basis)	AUD million	672	851
Implied revenue multiple – FY16	times	13.2	16.8
Implied EBITDA multiple – FY16	times	46.4	58.9

Source: Deloitte Corporate Finance analysis

As a cross-check to the fair market value of IPP derived using the discounted cash flow method, we have compared the revenue and EBITDA multiples implied by our valuation of IPP with the multiples observed in trading of shares for listed comparable companies.

Comparable companies

Included at Appendix D are share market trading multiples for companies comparable to IPP. Earnings multiples derived from share market trading do not reflect the market value for control of a company as they are for portfolio holdings. Australian studies indicate the premiums required to obtain control of companies range between 20% and 40% of the portfolio holding values, however, the extent to which premiums are paid by purchasers will often depend on the degree to which the purchaser can extract synergies from a transaction. We have adjusted the multiples observed for the comparable companies for a notional premium for control of 30%.

In addition to those listed at Appendix D, in our view, there are a number of other non-public companies which may be considered comparable to IPP, but for which there is limited information available. In particular, we believe PropertyGuru Pte Ltd (PropertyGuru) would be one of the most comparable for the purposes of our analysis, however, we note that there is limited information available in the public domain in relation to PropertyGuru.

¹¹ On the basis of the Company's share price remaining over \$3.64 for 10 days in any 30 day trading window.

Set out below is a summary of the average trading multiples observed for the comparable companies at Appendix D.

Table 15: Summary of market trading multiples (control basis)

Times	Property classified ads	Other online classified ads
Revenue multiples (Forecast¹)		
Minimum	1.4	2.7
Maximum	22.7	19.6
Average	9.6	8.3
EBITDA multiples (Forecast¹)		
Minimum	7.3	8.4
Maximum	38.0	18.5
Average	21.7	14.4

Source: Deloitte Corporate Finance analysis

Note:

1. Forecast multiples are based on forecasts of revenue and EBITDA in one year intervals subsequent to the historical reporting date.

We note the following with regard to the observed metrics for the comparable companies relative to the implied revenue and EBITDA multiples for IPP:

- the revenue multiple range implied in our valuation of IPP of between 13.2x and 16.8x lies within the average to high range of revenue multiples observed for the property classifieds as well as other online classifieds comparable companies
- the EBITDA multiple range implied in our valuation of IPP is above that observed for the comparable companies. In our view, this is reflective of the scalability in IPP's business model, such that strong revenue growth will likely also facilitate EBITDA margin growth over time, as well as the relative immaturity of its business
- the higher implied EBITDA multiple observed for IPP relative to the comparable companies would, in our opinion, also reflect IPP's involvement in relatively high GDP growth markets as opposed to many of the comparables which are operating in more developed markets such as the USA, Australia and New Zealand.

Comparable transactions

Although we identified a number of comparable transactions (refer to Appendix E), these transactions principally involve targets that are larger than IPP and likely at a different stage of growth to the Company. In addition, the multiples sourced for these transactions are based on historical data due to limited data available at the time of the transaction on current and forecast revenue and EBITDA.

We note the following in respect of the selected transactions:

- the comparable transactions involving providers of property classified ads have an average historical revenue multiple of 6.3 times and an average historical EBITDA multiple of 21.7 times
- the comparable transactions involving providers of other classified ads have an average historical revenue multiple of 11.3 times and an average historical EBITDA multiple of 24.6 times

Having regard to the fact that IPP is projected to experience significant revenue growth within the emerging markets which it operates, in our view, the implied revenue multiple for IPP based on FY2016 forecast revenue of 13.2x is not inconsistent with the average for online classified ads of 11.3x.

4.9.2 Conclusion on cross check

Based on the above, we consider that the multiples observed for the comparable companies and selected transactions provide broad support for the multiples implied by our DCF valuation of IPP.

5 Evaluation of the Proposed Scheme

5.1 Fairness assessment

Our assessment of the ‘fairness’ of the Proposed Scheme has been undertaken having regard to the requirements of Regulatory Guide 111. In particular, Regulatory Guide 111 requires the independent expert to evaluate the transaction as a control transaction.

According to ASIC Regulatory Guide 111, in order to assess whether the Proposed Scheme is fair, the independent expert is required to compare the fair market value of a share in IPP on a control basis with the fair market value of the consideration under the Proposed Scheme. The Proposed Scheme is fair if the value of the consideration is equal to or greater than the value of the securities subject to the offer.

5.1.1 The Cash Consideration

The Cash Consideration affords Non-Associated Shareholders an opportunity to exit their investment in IPP and receive consideration of \$4.00 per IPP share held. This election is open to all Non-Associated Shareholders.

5.1.2 The Mixed Consideration

Under the Mixed Consideration, Non-Associated Shareholders will receive \$1.20 in cash as well as 0.7 B-Class shares in RollCo for every share they hold in IPP subject to a scale back in certain circumstances. The extent of the scale back on the number of B-Class shares in RollCo received for each IPP share as part of the Mixed Consideration may be significant and will depend on the number of IPP shareholders who validly elect the Mixed Consideration and will not be known until after the scheme record date (being after the date of the scheme meeting). The maximum possible scale back (based on the assumption that all Non-Associated Shareholders are entitled to, and do, elect the Mixed Consideration) would result in shareholders making a valid election for Mixed Consideration receiving \$2.965 cash and 0.259 B-Class shares in RollCo for each IPP share. For further information on the scale back, please refer to section 3.4(a) of the Scheme Booklet.

In accepting the Mixed Consideration, Non-Associated Shareholders would, in effect, exchange their direct combined majority interest in IPP as a listed entity for an indirect minority interest in IPP. Prima-facie, the B-Class shares would be subject to a discount to reflect inherently lower levels of marketability relative to the IPP shares currently held by Non-Associated Shareholders. In our view, discounts in respect of such factors would typically range between 10% and 40%.

Notwithstanding the above, the Progressive Exit Mechanism does provide Non-Associated Shareholders with a liquidity channel, and would therefore, to a large extent, mitigate marketability factors for Non-Associated Shareholders.

In considering the fairness of the amount to be received by Non-Associated Shareholders for their B-Class shares under the Progressive Exit Mechanism, we have considered the nature of these payments in the hands of Non-Associated Shareholders. In our view, the Mixed Consideration possesses a number of features akin to a deferred payment consideration structure, in particular:

- under the terms of the Progressive Exit Mechanism, all B-Class shares held by Non-Associated Shareholders will be acquired by REA no later than the first half of calendar year 2018¹²
- the consideration receivable by Non-Associated Shareholders under the Progressive Exit Mechanism will vary between levels, and will be capped and subject to a guaranteed minimum. The various payment scenarios under the Progressive Exit Mechanism are illustrated at Appendix C.

In our view, the consideration to be received by Non-Associated Shareholders for their B-Class shares under the Progressive Exit Mechanism (the Deferred Consideration Component) exhibits characteristics similar to short term debt for REA.

5.1.2.1 Value attributable to the Deferred Consideration Component

In determining the value of the Deferred Consideration Component, we have had regard to the consideration

¹² Except in limited circumstances where there is a dispute between Rollco and Realestate.com.au as to the exercise price of Put Options or Call Options, in which case the B-Class Rollco Shares may not be acquired until the second half of calendar year 2018.

receivable under all possible scenarios of the Progressive Exit Mechanism as presented in Appendix C, and in particular the least favourable scenario possible, being Scenario 4a¹³.

As illustrated at Appendix C, under Scenario 4a Non-Associated Shareholders (at their own election) would receive no cash in FY2017 and receive \$4.28 in calendar year 2018 (the Low Value Deferred Consideration).

We have then discounted the Low Value Deferred Consideration based on an assessed rate of return to arrive at a present value for the Low Value Deferred Consideration.

Rate of return

In our view, given the finite term of the B-Class shares as well as the capped nature of the investment return for the Deferred Consideration Component, we have estimated the rate of return for the Deferred Consideration Component in the context of what REA would likely incur for the issue of short term debt.

In doing so, we have had regard to cost of debt generally in the Australian market, including with respect to Australian corporate bonds. Further, we note that REA does not currently hold debt¹⁴, however, we have had regard to the cost of debt for comparable companies.

Based on the above, in our opinion, an appropriate return on the Deferred Consideration Component with a similar term would be in the vicinity of 5.0% per annum.

Period of discount

In considering the period to discount the Low Value Deferred Consideration, we have had regard to the Performance Periods specified in the RollCo constitution and have made an assessment of potential timing of the payment to Non-Associated Shareholders in FY2018 as a result of the exercise of options under Scenario 4a.

Having regard to the likely timing of preparation of audited of accounts for the 2017 financial year as well as other timing provisions in the RollCo constitution¹⁵, we have adopted a payment date for the Low Value Deferred Consideration of 30 June 2018¹⁶.

Valuation assessment

The following table illustrates our assessed net present value of the Low Value Deferred Consideration:

Table 16: Valuation assessment based on Low Value Deferred Consideration

	\$
Low Value Deferred Consideration under Scenario 4a of the Mixed Consideration (2017 payment)	0.00
Low Value Deferred Consideration under Scenario 4a of the Mixed Consideration (2018 payment)	4.28
Assessed cost of debt discount rate (%)	5.00
Estimated minimum value of consideration offered per B-Class share	3.79
Implied equivalent value per IPP share based on 0.7 conversion ratio	2.66
Cash consideration portion of Mixed Consideration	1.20
Estimated minimum value of consideration offered under the Mixed Consideration	3.86

Source: Deloitte Corporate Finance analysis

The above assessment is based on Scenario 4a, which represents the least favourable scenario for Non-Associated Shareholders¹⁷ with respect to payments under the Progressive Exit Mechanism. Scenarios other than

¹³ For the purposes of our analysis, we have not considered a scenario involving RollCo's default, under which Non-Associated Shareholders would receive \$4.00 for their B-Class shares at the time of such an event occurring.

¹⁴ As at the date of this report.

¹⁵ The RollCo constitution incorporates timing provisions for the completion of purchase of B-Class shares, such as a 20 day period when the options can be exercised.

¹⁶ Whilst payment with respect to the B-Class shares under the Low Value Consideration scenario is likely to be before 30 June in each year, these dates have been conservatively adopted.

¹⁷ Except where B-Class RollCo shares are acquired at \$4.00 per B-Class RollCo share as a result of an event of default.

4a, as outlined in Appendix C, would lead to a higher estimated value per IPP share than \$3.86 and therefore an even fairer outcome for Non-Associated Shareholders under the Proposed Scheme.

5.1.3 Conclusion on fairness

Set out in the table below is a comparison of our assessment of the fair market value of an IPP share with the two alternate consideration options offered by REA.

Table 17: Fairness assessment

	Low (\$)	High (\$)
Estimated fair market value of an IPP share (control basis)	3.59	4.54
Value of consideration offered per share under the Cash Consideration	4.00	4.00
Estimated minimum value of consideration offered under the Mixed Consideration	3.86	3.86

Source: Deloitte Corporate Finance analysis

The consideration per share offered by REA:

- based on the Cash Consideration is within the range of our estimate of the fair market value of an IPP share
- based on the estimated minimum value of the consideration offered under the Mixed Consideration is within the range of our estimate of the fair market value of an IPP share

As both the Cash Consideration and the estimated minimum value of consideration offered under the Mixed Consideration are both within the range of our estimated fair market value of an IPP share, it is our opinion that the Proposed Scheme is fair.

5.2 Reasonableness assessment

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Proposed Scheme is reasonable. We have also considered the following factors in assessing the reasonableness of the Proposed Scheme.

- REA holds a potential blocking stake with respect to any future potential offer if the Proposed Scheme is not implemented
- shareholders have the opportunity to realise their investment in IPP at a premium to IPP's share price prior to the announcement of the Proposed Scheme and acceptance of the Cash Consideration removes uncertainty regarding achievability of future earnings growth
- IPP's share price in the absence of the Proposed Scheme is likely to trade lower than the consideration offered by REA.

5.3 Conclusion on the Proposed Scheme

In our opinion, the Proposed Scheme is fair and reasonable and therefore is in the best interests of Non-Associated Shareholders.

Appendix A: Context to the Report

Individual circumstances

We have evaluated the Proposed Scheme for Non-Associated Shareholders as a whole and have not considered the effect of the Proposed Scheme on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposed Scheme from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Scheme is fair and reasonable and therefore in the best interests of Non-Associated Shareholders. If in doubt investors should consult an independent adviser who should have regard to their individual circumstances.

Limitations, qualifications, declarations and consents

The report has been prepared at the request of the Independent Directors of IPP and is to be included in the Scheme Booklet to be given to Non-Associated Shareholders for approval of the Proposed Scheme. Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Scheme Booklet in their assessment of the Proposed Scheme outlined in the report and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Non-Associated Shareholders and IPP, in respect of this report, including any errors or omissions however caused. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Scheme. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited.

The report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Proposed Scheme is in the best interests of the Non-Associated Shareholders as a whole. Deloitte Corporate Finance consents to this report being included in the Scheme Booklet in the form and context in which it is to be included in the Scheme Booklet.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by IPP and its officers, employees, agents or advisors which Deloitte Corporate Finance believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte Corporate Finance does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to IPP management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by IPP and its officers, employees, agents or advisors, IPP has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which IPP may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by IPP and its officers, employees, agents or advisors or the failure by IPP and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Scheme.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte Corporate Finance's consideration of this information consisted of enquiries of IPP personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the AUASB or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

Based on these procedures and enquiries, Deloitte Corporate Finance considers that there are reasonable grounds to believe that the prospective financial information for IPP included in this report has been prepared on a reasonable basis in accordance with ASIC Regulatory Guide 111. In relation to the prospective financial information, actual results may be different from the prospective financial information of IPP referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The Authorised Representatives of Deloitte Corporate Finance principally involved in the preparation of this report were Stephen Ferris, B.Ec, F.Fin, CA and Stephen Reid, M App. Fin. Inv., B.Ec, F.Fin, CA. Each has many years of experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 225 George Street, Sydney, NSW, 2000 acknowledges that:

- IPP proposes to issue a Scheme Booklet in respect of the Proposed Scheme
- the Scheme Booklet will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Scheme Booklet for review
- it is named in the Scheme Booklet as the 'independent expert' and the Scheme Booklet includes its independent expert's report at Annexure 3.

On the basis that the Scheme Booklet is consistent in all material respects with the draft Scheme Booklet received, Deloitte Corporate Finance Pty Limited consents to it being named in the Scheme Booklet in the form and context in which it is so named, to the inclusion of its independent expert's report at Annexure 3 of the Scheme Booklet and to all references to its independent expert's report in the form and context in which they are included, whether the Scheme Booklet is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Scheme Booklet and takes no responsibility for any part of the Scheme Booklet, other than any references to its name and the independent expert's report as included at Annexure 3.

Sources of information

In preparing this report we have had access to the following principal sources of information:

- documents relating to the Proposed Transaction including the following:
 - "Project Austin – Potential transaction structure and deal terms"
 - "Project Austin- Austin BidCo Investors' Agreement – Term Sheet"
 - "Project Austin- RollCo Constitution"
 - "Project Austin- BidCo shareholders deed"
- IPP Board papers and minutes
- IPP FY2015 Budget
- IPP strategy plans
- audited financial statements for IPP for the years ended 31 December 2011, 2012, 2013 and 2014 as well as the reviewed financial statements for IPP for the half year ended 30 June 2015
- forecast financials for IPP for the year ending 31 December 2015, including actual data for the eight month period to 31 August 2015
- five year cash flow projections (expected case scenario) prepared by IPP management
- annual reports for comparable companies
- company websites and publicly available announcements for IPP and comparable companies
- publicly available information on comparable companies and market transactions published by ThomsonOne, S&P Capital IQ, and Mergermarket
- other publicly available information, media releases, industry reports and broker reports on IPP and comparable companies.

In addition, we have had discussions and corresponded with certain directors and executives, including Georg Chmiel, Managing Director and Chief Executive Officer of IPP; in relation to the above information and to current operations and prospects.

Appendix B: Valuation methodologies

To estimate the fair market value of the shares in IPP we have considered common market practice and the valuation methodologies recommended by ASIC Regulatory Guide 111, which provides guidance in respect of the content of independent expert's reports. These are discussed below.

Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its securities or the market value of comparable companies. Market based methods include:

- capitalisation of maintainable earnings
- analysis of a company's recent security trading history
- industry specific methods.

The capitalisation of maintainable earnings method estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the company's earnings are relatively stable.

The most recent security trading history provides evidence of the fair market value of the securities in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of a company than other valuation methods because they may not account for company specific factors.

Discounted cash flow methods

Discounted cash flow methods estimate market value by discounting a company's future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

Asset based methods

Asset based methods estimate the market value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to securityholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

These asset based methods ignore the possibility that the company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of a company's assets are liquid, or for asset holding companies

Appendix C: Payment scenarios for the Mixed Consideration

The following table illustrates the possible payment scenarios under the Mixed Consideration.

Table 18: Payment scenarios for the Progressive Exit Mechanism under the Mixed Consideration

Scenario description	Hurdle description	Sale price for FY16 and FY17 Put Options	Portion of B-Class shares sold in year	Scenario name
B- Class Shareholders exercise their FY16 Put Options. In FY17, they exercise their FY17 Put Options or REA exercises its FY17 Call Options.	FY16 and FY17 Revenue Hurdles are both not met, and FY17 EBITDA Hurdle is missed by more than 10%	FY16 Sale Price = \$4.14 FY17 Sale Price = \$4.28	FY16:25% FY17:75%	Scenario 1a
	FY16 Revenue Hurdle, FY17 Revenue Hurdle and FY17 EBITDA Hurdles are all exceeded by 15% or more	FY16 Sale Price = \$4.60 FY17 Sale Price = \$5.29	FY16:50% FY17:50%	Scenario 1b
			FY16:25% FY17:75%	Scenario 2a
			FY16:50% FY17:50%	Scenario 2b
	All combinations of hurdles different from those underpinning Scenario 1 and Scenario 2	The sale prices implied by these scenarios in FY16 and FY17 will sit somewhere between Scenario 1a (which represents the worst case scenario from a B-Class Shareholder's perspective in NPV terms) and Scenario 2b (which represents the best case scenario from a B-Class Shareholder's perspective in NPV terms)	FY16:25%≤x≤50%	Scenario 3
B- Class Shareholders decide to not exercise their FY16 Put Options. REA exercises its FY17 Call Options.	FY17 Revenue Hurdle is not met, and FY17 EBITDA Hurdle is missed by more than 10%	FY16 Sale Price = n/a FY17 Sale Price = \$4.28	FY16:0% FY17:100%	Scenario 4a ¹
	FY17 Revenue Hurdle and FY17 EBITDA Hurdles are all exceeded by 15% or more	FY16 Sale Price = n/a FY17 Sale Price = \$5.29	FY16:0% FY17:100%	Scenario 4b
	All combinations of hurdles different from those underpinning Scenario 4a and Scenario 4b	FY16 Sale Price = n/a \$4.28<FY17 Sale Price< \$5.29	FY16:0% FY17:100%	Scenario 4c
Emergency Put Option	n/a	Minimum Sale Price: \$4.14 ² Maximum Sale Price: \$5.29	100% any time after 31 December 2016, or any time if the Net Debt/EBITDA ratio of REA Group exceeds 3.5 times	Scenario 5
Rollco's default or B-Class Rollco Shareholder's default	n/a	Sale Price = \$4.00	100%	Scenario 6
realestate.com.au's default	n/a	Sale Price = \$5.29	100%	Scenario 7
realestate.com.au sells its shares in Bidco to a third party (amongst other things)	n/a	Sale Price = \$5.29 (amongst other options)	100%	Scenario 8
Anytime	n/a	Sale Price = \$5.29	100% at any time	Scenario 9

Source: RollCo Constitution Note:

- Under scenario 4a, Non-Associated Shareholders elect not to redeem shares in FY2016 and redeem all shares in FY2017.
- The minimum sale price may change in certain circumstances such as if REA experiences a breach in a future debt covenant.
- In the event of RollCo's default, Non-Associated Shareholders would receive \$4.00 for their B-Class shares at the time of this event occurring. We have not considered this scenario.

Appendix D: Comparable companies

Table 19: Comparable listed companies

Name	Country	Market cap ¹ (AUD million)	Gearing (%)	EV ¹ (AUD million)	Revenue multiple			EBITDA multiple			2-year beta			4-year beta		
					Historical	Current	Forecast	Historical	Current	Forecast	Unlevered	Levered	Correlation	Unlevered	Levered	Correlation
Property classified ads																
CoStar	USA	11,847	-0.1%	11,839	16.8x	11.9x	10.1x	62.8x	69.6x	38.0x	1.29	1.29	44.4%	0.93	0.93	18.9%
Rightmove	UK	10,311	-0.2%	10,287	32.3x	25.1x	22.7x	44.0x	33.8x	30.3x	0.96	0.96	25.0%	1.52	1.52	35.7%
Zillow	USA	9,619	-4.8%	9,183	23.1x	n/a	n/a	n/m	n/a	n/a	1.04	1.04	14.7%	1.17	1.17	9.6%
REA	Australia	8,459	-0.9%	8,380	16.0x	13.4x	11.6x	31.5x	23.6x	20.0x	1.05	1.05	28.4%	1.31	1.31	29.8%
SouFun.	China	5,585	1.1%	5,647	6.6x	4.7x	3.6x	14.1x	47.8x	27.1x	1.05	1.06	6.0%	1.30	1.33	6.3%
Zoopla	UK	2,839	-2.7%	2,763	18.6x	12.2x	7.6x	45.4x	28.0x	20.0x	n/m	n/m	2.4%	0.98	0.98	6.7%
Leju	China	1,747	-24.4%	1,405	2.3x	1.6x	1.4x	10.7x	12.5x	8.8x	1.14	1.14	9.5%	1.98	1.98	15.0%
iProperty	Malaysia	856 ²	-0.8%	849 ²	38.9x	24.6x ³	18.5x ³	n/m	n/m	n/m	1.46	1.46	13.4%	1.78	1.78	35.2%
Onthehouse	Australia	58	-1.2%	57	2.2x	2.0x	1.7x	22.4x	8.1x	7.3x	n/m	n/m	3.0%	1.74	1.74	18.8%
Average					17.4x	11.9x	9.6x	33.0x	31.9x	21.7x	1.14	1.14	16.3%	1.41	1.42	19.6%
Median					16.8x	12.1x	8.9x	31.5x	28.0x	20.0x	1.05	1.06	13.4%	1.31	1.33	18.8%
Other online classified ads																
58.com	China	13,407	-4.6%	12,811	39.6x	13.5x	8.3x	n/m	n/m	n/m	0.97	0.97	9.5%	2.00	2.00	13.2%
Autohome	China	7,407	-10.0%	6,733	16.0x	8.9x	6.7x	36.1x	22.8x	18.5x	0.77	0.77	6.1%	1.54	1.54	11.2%
SEEK	Australia	5,926	7.5%	7,129	8.2x	7.1x	6.4x	21.4x	18.6x	16.3x	1.24	1.29	28.5%	1.55	1.62	29.9%
51job	China	3,663	-25.4%	2,923	8.1x	6.4x	5.3x	25.9x	19.7x	15.2x	n/m	n/m	3.7%	n/m	n/m	2.0%
carsales.com	Australia	3,123	5.7%	3,313	10.6x	9.8x	9.0x	21.9x	19.6x	17.9x	0.96	1.00	28.1%	0.95	0.97	23.6%
Trade ME	NZ	1,768	5.6%	1,873	10.7x	9.2x	8.6x	17.2x	14.2x	8.4x	0.87	0.92	8.3%	0.75	0.80	11.2%
Zhaopin Ltd.	China	1,389	-27.0%	1,095	4.1x	3.2x	2.7x	17.0x	13.0x	10.4x	n/m	n/m	3.7%	0.93	0.93	30.7%
iCarAsia	Malaysia	269	-2.3%	263	93.5x	37.5x	19.6x	n/m	n/m	n/m	1.70	1.70	18.2%	1.91	1.91	35.0%
Average					22.4x	12.0x	8.3x	22.3x	18.0x	14.4x	1.30	1.32	13.1%	1.41	1.43	18.2%
Median					10.7x	9.1x	7.5x	21.4x	19.1x	15.8x	0.97	1.00	9.5%	1.54	1.58	13.2%
Average					19.9x	12.0x	9.0x	27.6x	25.5x	18.3x	1.22	1.23	14.7%	1.41	1.42	18.9%
Median					19.9x	12.0x	9.0x	27.6x	25.5x	18.3x	1.22	1.23	14.7%	1.41	1.42	18.9%
Low					2.2x	1.6x	1.4x	10.7x	8.1x	7.3x	0.77	0.77	2.4%	0.75	0.80	2.0%
High					93.5x	37.5x	22.7x	62.8x	69.6x	38.0x	2.57	2.57	44.4%	2.00	2.00	35.7%

Source: S&P Capital IQ, public releases, Deloitte Corporate Finance analysis

Notes:

1. Except for IPP, market capitalisation and enterprise values are as at 3 November 2015 and assume a control premium of 30%.
2. Market capitalisation and enterprise value for IPP have been calculated as of the day prior to announcement of the Proposed Scheme and includes a 30% control premium.
3. Multiples based on broker consensus.

Descriptions of comparable companies are provided below.

Table 20: Description of comparable listed companies

Company	Description
Property classified ads	
CoStar Group Inc. (CoStar)	CoStar provides information, analytics, and online marketplaces services to the commercial real estate industry in the United States, Canada, the United Kingdom, and France.
Rightmove plc (Rightmove)	Rightmove operates property portals in the United Kingdom through Agency, New Homes, and Other segments. The company serves estate agents, lettings agents, and international homes agents.
Zillow Group, Inc. (Zillow)	Zillow operates real estate and home-related information marketplaces on mobile and the web in the United States.
REA Group Limited (REA)	REA operates as a digital media business specialising in property. It advertises property and property-related services on Websites and mobile apps. The company operates in Australia, residential Europe and China.
SouFun Holdings Ltd. (SunFun)	SouFun operates a real estate Internet portal, and home furnishing and improvement websites in China.
Zoopla Property Group Plc (Zoopla)	Zoopla engages in the digital media business that owns and operates online property portals in the United Kingdom.
Leju Holdings Limited (Leju)	Leju provides online real estate services in China.
iProperty Group Limited (iProperty))	iProperty develops and operates Internet-based real estate property portals under the iProperty.com brand in the markets of Malaysia, Indonesia, Hong Kong, Macau, Singapore, Thailand, and the Philippines.
Onthehouse Holdings Limited (Onthehouse)	Onthehouse provides real estate software and website solutions, as well as online advertising and data services in Australia and New Zealand.
Other online classified ads	
58.com Inc. (58.com)	58.com operates an online marketplace for local merchants and consumers in China. Its online marketplace enables local merchants and consumers to connect, share information, and conduct business in relation to various content categories, including housing, jobs, used goods, automotive, pets, tickets, yellow pages, and other local services.
Autohome Inc. (Autohome)	Autohome operates as an online destination for automobile consumers in China.
SEEK Limited (SEEK)	SEEK operates online employment marketplaces in Australia, New Zealand, and internationally. The company matches hirers and jobseekers with career opportunities and related services on the Internet; and distributes and provides vocational training and higher education courses. It also offers online employment advertising services.
51job Inc. (51job)	51job provides integrated human resource services in China. The company provides recruitment advertising services, print advertising services other human resource related services.
carsales.com Limited (carsales)	carsales.com engages in online automotive, motorcycle, and marine classifieds businesses in Australia. The company operates in four segments: Online Advertising Services, Data and Research Services, International, and Finance and Related Services.
Trade ME Group Ltd. (Trade ME)	Trade Me operates and manages online marketplaces and classified advertising platforms in New Zealand.
Zhaopin Ltd. (Zhaopin)	Zhaopin provides online recruitment services in China.
iCarAsia Limited (iCarAsia)	iCar Asia develops and operates Internet-based automotive portals primarily in Malaysia, Indonesia, and Thailand.

Source: S&P Capital IQ,

Appendix E: Comparable transactions

Table 21: Comparable transactions

Announced date	Target company	Acquirer	Consideration (AUD million)	Percent acquired	Implied EV ¹ (AUD million)	Revenue multiple ²	EBITDA multiple ²
Property classified ads							
Nov-14	Move, Inc.	REA Group Limited	228	20% ³	1,104	4.0x	n/m
Oct-14	Square Foot Limited	iProperty Group Limited	15	100%	15	5.9x	n/a
Sep-14	Move, Inc.	News Corporation	978	100%	1,922	7.0x	n/m
Jul-14	Trulia, Inc.	Zillow Group, Inc.	2,657	100%	2,657	12.0x	n/m
Mar-14	Leju Holdings Limited	Tencent Holdings Limited	198	15% ³	1,252	3.3x	13.2x
May-13	Market Leader, Inc.	Trulia, Inc.	307	100%	286	6.2x	n/m
Aug-13	StreetEasy, Inc.	Zillow Group, Inc.	55	100%	51	7.6x	39.3x
Apr-11	LoopNet, Inc.	CoStar Group Inc.	567	100%	476	6.3x	22.0x
Aug-10	SouFun Holdings Ltd.	Apax Partners LLP; General Atlantic LLC	364	38% ³	789	4.2x	12.1x
Average						6.3x	21.7x
Median						6.2x	17.6x
Other online classified ads							
Nov-14	One2Car Co. Ltd.	iCarAsia Limited	18	100%	18 ⁴	12.1x	n/a
Mar-14	SK ENCARSALES.COM Ltd.	carsales.com Limited	126	49.9% ³	253 ⁴	13.3x	n/a
Feb-14	SEEK Asia Investments Pte. Ltd.	JobStreet.com Pte. Ltd	641	100%	641 ⁴	11.4x	26.6x
Dec-10	Consortium led by SEEK Asia	Jobs DB Inc.	406	100%	406 ⁴	8.5x ⁵	22.6x ⁵
Average						11.3x	24.6x
Median						11.7x	24.6x

Source: Mergermarket, S&P Capital IQ, ASX announcements, Deloitte Corporate Finance analysis

Notes:

1. Implied enterprise values have been calculated based on implied 100% equity value plus total net borrowings at each company's most recent reporting date before the announcement date.
2. Revenue and EBITDA reflect historical revenue or EBITDA as reported in the last financial year or last 12 months before the announcement date.
3. Non-controlling interest
4. Denotes implied 100% equity value where enterprise value not available
5. The consortium led by SEEK Asia acquired Jobs DB Inc. in four stages between December 2010 and December 2012. The implied multiples have been calculated based on the forecast revenue and EBITDA for the year ended 31 December 2010 as the time of the first acquisition.

Details of the comparable transactions are provided below, listed by target company

Table 22: Description of comparable transactions

Company	Description
Property classified ads	
Move, Inc./ REA Group Limited	REA Group Limited acquired a 20% stake in Move, Inc. from News Corporation for a cash consideration of USD 198.7 million.
Square Foot Limited/ iProperty Group Limited	iProperty Group Limited acquired Square Foot Limited, the Hong Kong-based website engaged in promoting and showcasing properties for sale and rent, from REA Group Limited for an equity consideration of AUD 15 million. Under the terms, iProperty issued 5,000,000 shares at a price of AUD 3 per share for the acquisition. This transaction increased REA Group's iProperty holding from 17.22% to approximately 19.43%.
Move, Inc./ News Corporation	Move, Inc, a US listed company operating a network of websites for real estate and finance. The acquisition was anticipated to accelerate News Corp's digital and global expansion, adding online real estate to the company's portfolio. News Corp acquired all the outstanding shares (including shares underlying outstanding restricted stock awards held by non-employee directors) of Move for USD 21 per share via an all-cash tender offer.
Trulia, Inc./ Zillow Group, Inc.	Trulia, Inc. was a listed US-based company that provides tools to consumers for researching homes and neighborhoods through Web and mobile applications. The acquisition was completed for USD 2.5 billion in a stock-for-stock transaction and was in line with Zillow's strategy to grow and expand its business.
Leju Holdings Limited / Tencent Holdings Limited	Tencent Holdings Ltd, the listed China based investment holding company engaged in the provision of Internet value-added services and other mobile and telecommunications value-added services acquired a 15% stake in Leju Holdings Limited, the China based company which provides online-to-offline real estate services for a consideration of USD 180m. The acquisition will provide Tencent with Leju's real estate information and enhance its product portfolio and service offerings.
Market Leader, Inc./ Trulia, Inc.	Market Leader, Inc. provides internet based marketing services, generation and lead management services to consumers and real estate professionals. Trulia offered USD 6 per share and 0.1553 shares of Trulia shares for each share of Market Leader. The transaction will enable better services to its customers and agents by providing comprehensive end-to-end solution via web and mobile devices.
StreetEasy, Inc./ Zillow Group, Inc.	StreetEasy owns and operates a real estate site which lists the properties for sale in the USA. The USD 50 million acquisition will help Zillow to gain a considerable market share in its sector.
LoopNet, Inc./ CoStar Group Inc.	LoopNet is a US based online marketplace for commercial real estate in the United States. LoopNet's shareholders received USD 16.50 in cash and 0.03702 shares of CoStar Group for each share of LoopNet. The transaction was expected to double the size of CoStar's paid subscriber base.
Other online classified ads	
One2Car Co. Ltd./ iCarAsia Limited	One2Car Co., Ltd is a Thailand based company engaged in operating online retailing of automobiles. iCar Asia acquired the company for a total consideration of approximately AUD 16.7m comprising approximately AUD 13.4m in cash and approximately AUD 3.3m worth of iCar Shares. The acquisition was expected to increase the market share of iCar in Thailand.
SK ENCARSALSALES.COM Ltd./ carsales.com Limited	SK Encaris a South Korea based online and offline car retailer. The KRW 121 billion transaction was expected to enable Carsales to expand its business globally .
SEEK Asia Investments Pte. Ltd./ JobStreet.com Pte. Ltd	Jobstreet.Com Pte. Ltd. is a Singapore based provider of online recruitment services. The company was acquired for consideration of MYR 1,890 million and was expected to unlock substantial value in the online job portal business for Jobstreet.
Consortium led by SEEK Asia Limited / Jobs DB Inc.	SEEKAsia Limited, Consolidated Media Holdings Limited, Macquarie Group Limited and Tiger Global acquired a 100% interest in Jobs DB Inc. in four stages between December 2010 and December 2012 for a total consideration of HKD 2.8 billion. Under the terms of agreement, the consortium acquired 40% of the shares in JobsDB in December 2010 with a remaining 20% interest in early 2011. In June 2011, the consortium acquired an additional 20% interest in Jobs DB. In December 2012, they acquired the remaining 20% interest.

Sources: Mergermarket, S&P Capital IQ, ASX announcements,

Appendix F: Discount rate

The discount rate used to equate the future cash flows to their present value reflects the risk adjusted rate of return demanded by a hypothetical investor for the asset or business being valued.

Selecting an appropriate discount rate is a matter of judgement having regard to relevant available market pricing data and the risks and circumstances specific to the asset or business being valued.

Whilst the discount rate is in practice normally estimated based on a fundamental ground up analysis using one of the available models for estimating the cost of capital (such as the Capital Asset Pricing Model (CAPM)), market participants often use less precise methods for determining the cost of capital such as hurdle rates or target internal rates of return and often do not distinguish between investment type or region or vary over economic cycles.

Since our definition of fair market value is premised on the estimated value that a knowledgeable willing buyer would attribute to the asset or business, our selection of an appropriate discount rate needs to consider that buyers incorporate other alternatives to the typical CAPM approach in estimating the cost of capital.

For ungeared cash flows, discount rates are determined based on the cost of an entity's debt and equity weighted by the proportion of debt and equity used. This is commonly referred to as the weighted average cost of capital (WACC).

The WACC can be derived using the following formula:

$$WACC = \left(\frac{E}{V} * K_e \right) + \left(\frac{D}{V} * K_d (1 - t_c) \right)$$

The components of the formula are:

K_e = cost of equity capital

K_d = cost of debt

t_c = corporate tax rate

E/V = proportion of enterprise funded by equity

D/V = proportion of enterprise funded by debt

The adjustment of K_d by $(1 - t_c)$ reflects the tax deductibility of interest payments on debt funding. We applied a corporate tax rate of 25% for Malaysia.

Cost of equity capital (K_e)

The cost of equity, K_e , is the rate of return that investors require to make an equity investment in a firm.

We have used the CAPM to estimate the K_e for Malaysia. CAPM calculates the minimum rate of return that the company must earn on the equity-financed portion of its capital to leave the market price of its shares unchanged. The CAPM is the most widely accepted and used methodology for determining the cost of equity capital.

The cost of equity capital under CAPM is determined using the following formula:

$$K_e = R_f + \beta(R_m - R_f) + \alpha$$

The components of the formula are:

K_e = required return on equity

R_f = the risk free rate of return

R_m = the expected return on the market portfolio

β = beta, the systematic risk of a stock

α = specific company risk premium

Each of the components in the above equation is discussed below.

Risk free rate (R_f)

The risk free rate compensates the investor for the time value of money and the expected inflation rate over the investment period. The frequently adopted proxy for the risk free rate is the long-term Government bond rate.

We selected a risk free rate of 4.15% for Malaysia, corresponding to the 5 day average yield on the 10- year sovereign bond as at 30 October 2015.

Equity market risk premium (EMRP)

The EMRP ($R_m - R_f$) represents the risk associated with holding a market portfolio of investments, that is, the excess return a shareholder can expect to receive for the uncertainty of investing in equities as opposed to investing in a risk free alternative. The size of the EMRP is dictated by the risk aversion of investors – the lower (higher) an investor's risk aversion, the smaller (larger) the equity risk premium.

The EMRP is not readily observable in the market and therefore represents an estimate based on available data. There are generally two main approaches used to estimate the EMRP, the historical approach and the prospective approach, neither of which is theoretically more correct or without limitations. The former approach relies on historical share market returns relative to the returns on a risk free security; the latter is a forward looking approach which derives an estimated EMRP based on current share market values and assumptions regarding future dividends and growth.

We selected an EMRP of 6.85% for Malaysia.

Beta estimate (β)

Description

The beta coefficient measures the systematic risk or non-diversifiable risk of a company in comparison to the market as a whole. Systematic risk, as separate from specific risk as discussed below, measures the extent to which the return on the business or investment is correlated to market returns. A beta of 1.0 indicates that an equity investor can expect to earn the market return (i.e. the risk free rate plus the EMRP) from this investment (assuming no specific risks). A beta of greater than one indicates greater market related risk than average (and therefore higher required returns), while a beta of less than one indicates less risk than average (and therefore lower required returns).

Betas will primarily be affected by three factors which include:

- the degree of operating leverage employed by the firm in that companies with a relatively high fixed cost base will be more exposed to economic cycles and therefore have higher systematic risk compared to those with a more variable cost base
- the degree of financial leverage employed by a firm in that as additional debt is employed by a firm, equity investors will demand a higher return to compensate for the increased systematic risk associated with higher levels of debt
- correlation of revenues and cash flows to economic cycles, in that companies that are more exposed to economic cycles (such as retailers), will generally have higher levels of systematic risk (i.e. higher betas) relative to companies that are less exposed to economic cycles (such as regulated utilities).

In estimating an appropriate beta for Malaysia, we have considered the betas of listed companies that are comparable to IPP. These betas, which are presented in Appendix D, have been calculated based on weekly and monthly returns, over a two and four year period, respectively, compared to a relevant domestic index.

Descriptions for each of the comparable companies are provided in Appendix D.

The observed beta is a function of the underlying risk of the cash flows of the company, together with the capital structure and tax position of that company. This is described as the levered beta.

The capital structure and tax position of the entities presented in Appendix D may not be the same as those of IPP. The levered beta is often adjusted for the effect of the capital structure and tax position. This adjusted beta is referred to as the unlevered beta. The unlevered beta is a reflection of the underlying risk of the pre-financing cash flows of the entity.

Selected beta (β)

In selecting an appropriate beta for Malaysia we have considered the following:

- IPP's two-year and four-year unlevered betas of 1.46 and 1.78, respectively
- the average 2-year and 4-year unlevered beta for the comparable companies providing online property classified ads of 1.14 and 1.41, respectively
- the average 2-year and 4-year unlevered beta for the comparable companies providing other online ads of 1.30 and 1.41, respectively
- the relative riskiness of IPP's Malaysia based business, the online property industry in Asia and selected comparable companies.

On this basis we have selected a unlevered beta of 1.2 to 1.5.

Specific company risk premium (α)

The specific company risk premium adjusts the cost of equity for company specific factors, including unsystematic risk factors such as:

- company size
- depth and quality of management
- reliance on one key individual or a few key members of management
- reliance on key customers
- reliance on key suppliers
- product diversity (limits on potential customers)
- geographic diversity
- labour relations, quality of personnel
- capital structure, amount of leverage
- existence of contingent liabilities.

The CAPM assumes, amongst other things, that rational investors seek to hold efficient portfolios, that is, portfolios that are fully diversified. One of the major conclusions of the CAPM is that investors do not have regard to specific company risks (often referred to as unsystematic risk). There are several empirical studies that demonstrate that the investment market does not ignore specific company risks. In particular, studies show that on average, smaller companies have higher rates of return than larger companies (often referred to as the size premium)

Selection of specific company risk premium

We have selected a specific company risk premium of between 0.0% and 1.0% for IPP's Malaysian business.

In determining this we have had regard to the following:

- size premium: the enterprise value of IPP's Malaysian business will be significantly less than the enterprise values of the comparable companies

- transparency: market transparency is a key driver of investment flows into the property sector. As illustrated at Table 4 in Section 2.2.3, Malaysia ranked 27th in 2014 in the global real estate transparency ranking, behind other countries where IPP has operations (ie. Singapore and Hong Kong).

Debt and equity mix

In considering the appropriate level of target gearing for IPP and its businesses, we have had regard to IPP's current and expected future debt levels as well as observed gearing levels for comparable companies which operate online property classified ads. Based on this, we have adopted a target debt to enterprise value ratio of zero percent in the calculation of the WACC for IPP businesses.

Calculation of WACC

Based on the above, we have assessed the post-tax WACC for IPP's Malaysia business, as follows:

Table 23: WACC arrived at in relation to IPP's Malaysian business

Input	Malaysia	
	Low	High
Risk free rate (%)	4.15%	4.15%
EMRP (%)	6.85%	6.85%
Unlevered betas	1.20	1.50
Levered betas ¹	1.13	1.33
Specific company risk premium (%)	0.00%	1.00%
K_e – calculated (%)	11.91%	14.28%
Debt to enterprise value ratio	-	-
WACC – calculated (%)	11.91%	14.28%
WACC– selected (%)	12.00%	14.00%

Source: Deloitte Corporate Finance analysis

Note: 1. Levered betas have been Blume adjusted.

Appendix G: Control premium

Deloitte study

We conducted a study of premiums paid in Australian transactions completed between 1 January 2000 and 14 September 2015. This study was conducted by Deloitte staff for internal research purposes. Our merger and acquisition data was sourced from Bloomberg, Reuters and Capital IQ and yielded 569 transactions that were completed during the period under review¹⁸.

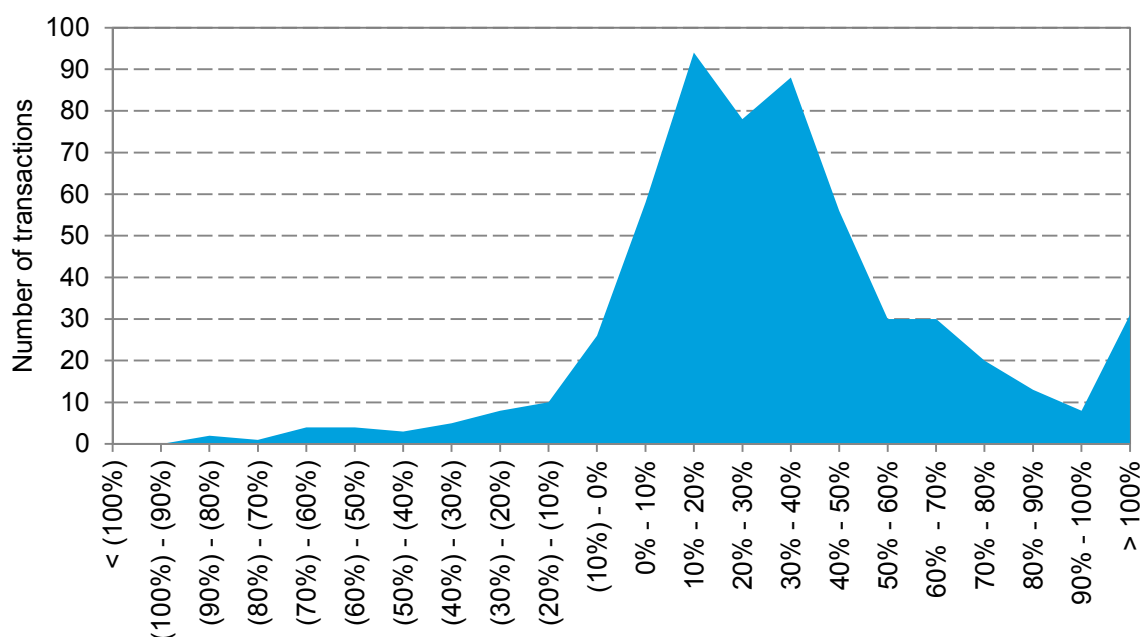
Our data set consisted of transactions where an acquiring company increased its shareholding in a target company from a minority interest to a majority stake or acquired a majority stake in the target company.

We assessed the premiums by comparing the offer price to the closing trading price of the target company one month prior to the date of the announcement of the offer. Where the consideration included shares in the acquiring company, we used the closing share price of the acquiring company on the day prior to the date of the offer.

Summary of findings

As the following figure shows, premiums paid in Australian transactions between 1 January 2000 and 14 September 2015 are widely distributed with a long ‘tail’ of transactions with high premiums.

Figure 11: Distribution of data



Source: Deloitte analysis

¹⁸ Excluding transactions where inadequate data was available.

The following table details our findings.

Table 24: Premium analysis - findings

	Control premium
Average	34%
Median	30%
Upper quartile	48%
Lower quartile	12%

Source: Deloitte analysis

Notwithstanding the relatively wide dispersion of control premiums observed in our study we consider the control premium range of 20% to 40% to be representative of general market practice for the following reasons.

Many of the observed control premiums below 20% are likely to have been instances where the market has either been provided with information or anticipated a takeover offer in advance of the offer being announced. Accordingly, the pre-bid share trading price may already reflect some price appreciation in advance of a bid being received, which creates a downward bias on some of the observed control premiums in our study.

Many of the observed control premiums above 40% are likely to have been influenced by the following factors which create an upward bias on some of the observed control premiums in our study:

- some acquirers are prepared to pay above fair market value to realise ‘special purchaser’ value which is only available to a very few buyers. Such ‘special purchaser’ value would include the ability to access very high levels of synergistic benefits in the form of cost and revenue synergies or the ability to gain a significant strategic benefit
- abnormally high control premiums are often paid in contested takeovers where there are multiple bidders for a target company. In such cases, bidders may be prepared to pay away a greater proportion of their synergy benefits from a transaction than in a non-contested situation
- some of the observations of very high premiums are for relatively small listed companies where there is typically less trading liquidity in their shares and they are not closely followed by major broking analysts. In such situations, the traded price is more likely to trade at a deeper discount to fair market value on a control basis.

Accordingly, the observed control premiums to share trading prices for such stocks will tend to be higher.

Other studies

In addition to the study above, we have also had regard to the following:

- a study conducted by S.Rossi and P.Volpin of London Business School dated September 2003, ‘Cross Country Determinants of Mergers and Acquisitions’, on acquisitions of a control block of shares for listed companies in Australia announced and completed from 1990 to 2002. This study included 212 transactions over this period and indicated a mean control premium of 29.5% using the bid price of the target four weeks prior to the announcement
- ‘Valuation of Businesses, Shares and Equity’ (4th edition, 2003) by W.Lonergan states at pages 55-56 that: “Experience indicates that the minimum premium that has to be paid to mount a successful takeover bid was generally in the order of at least 25 to 40 per cent above the market price prior to the announcement of an offer in the 1980s and early 1990s. Since then takeover premiums appear to have fallen slightly.”

a study conducted by P.Brown and R.da Silva dated 1997, ‘Takeovers: Who wins?’, JASSA: The Journal of the Securities Institute of Australia, v4(Summer):2-5. The study found that the average control premium paid in Australian takeovers was 29.7% between the period January 1974 and June 1985. For the ten year period to November 1995, the study found the average control premium declined to 19.7%.

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Annexure 4

Scheme Implementation Deed

Scheme implementation deed

Realestate.com.au Pty Limited

REA Group Limited

iProperty Group Limited

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Parties

- 1 Realestate.com.au Pty Limited ABN 21 080 195 535 of Level 3, 511 Church Street, Richmond VIC 3121 (**Bidder**)
 - 2 REA Group Limited ABN 54 068 349 066 of Level 3, 511 Church Street, Richmond VIC 3121 (**Bidder's Guarantor**)
 - 3 iProperty Group Limited ABN 99 126 188 538 of Suite 806, Level 8, 70 Pitt Street, Sydney NSW 2000 (**Target**)
-

Background

- A Target has agreed to propose a members' scheme of arrangement pursuant to which Bidco will acquire all the Scheme Shares, and Target and Bidder have agreed to implement the scheme on the terms and conditions of this deed.
- B Bidder has agreed to assist Target in proposing the Scheme.
- C Bidder's Guarantor has agreed to guarantee the Bidder's obligations under this deed.

The parties agree

1 Defined terms and interpretation

1.1 Defined terms

A term or expression which is defined in the dictionary in Schedule 1 has the meaning given to it in the dictionary.

1.2 Interpretation

The interpretation clause in Schedule 1 sets out rules of interpretation for this deed.

2 Agreement to proceed with Transaction

- (a) Target agrees to propose the Scheme on and subject to the terms of this deed.
- (b) Bidder agrees to:
 - (i) assist Target in proposing the Scheme; and
 - (ii) procure Bidco and Rollco to assist Target propose the Scheme,on and subject to the terms of this deed.

3 Conditions precedent

3.1 Conditions precedent

Subject to this clause 3, the Scheme will not become Effective until and unless the following conditions precedent are satisfied or waived in accordance with clause 3.3.

- (a) **(Court approval)** The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.
- (b) **(Target Shareholder approval)** Target Shareholders (other than Excluded Shareholders) approve the Scheme at the Scheme Meeting by the requisite majorities under section 411(4)(a) of the Corporations Act.
- (c) **(Restraints)** As at 8:00am on the Second Court Date:
 - (i) there is not in effect any temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or Government Agency, or other material legal restraint or prohibition;
 - (ii) no action or investigation is announced, commenced or threatened by any Government Agency; and
 - (iii) no application is made to any Government Agency (other than by a member of the Bidder Group),

which restrains, prohibits, impedes or otherwise materially adversely impacts upon (or could reasonably be expected to restrain, prohibit, impede or otherwise materially adversely impact upon) the completion of the Transaction.
- (d) **(Material Adverse Change)** No Material Adverse Change occurs between the date of this deed and 8:00am on the Second Court Date.
- (e) **(Maximum Cash Consideration):** Before 8.00am on the Second Court Date, valid Elections are received for Mixed Consideration such that the Aggregate Cash Consideration is less than or equal to the Maximum Cash Consideration.
- (f) **(Prescribed Occurrence)** No Prescribed Occurrence occurs between the date of this deed and 8:00am on the Second Court Date.
- (g) **(Bidco and Rollco documentation)** Before 8.00am on the First Court Date, the parties agree and exchange initialled copies of final long form versions of the:
 - (i) investors' agreement and constitution in respect of Bidco; and
 - (ii) constitution of Rollco,in accordance with clause 5.8.

3.2 Reasonable endeavours

- (a) Target must, from the date of this deed, use its reasonable endeavours to procure that the conditions precedent in clauses 3.1(d) and 3.1(f) are satisfied.

- (b) The parties must, from the date of this deed, each use reasonable endeavours to procure that there is no occurrence or non-occurrence within their control or the control of any of their related bodies corporate that prevents, or would be reasonably likely to prevent, the satisfaction of any condition precedent.
- (c) Without limiting clause 3.2(b), each party must:
 - (i) keep the other party informed of the progress towards satisfaction of the conditions precedent; and
 - (ii) except to the extent prohibited by a Government Agency:
 - (A) promptly notify the other party of all communications between it and a Government Agency in connection with any approval or consent required pursuant to a condition precedent in clause 3.1 or any action taken or proposed by, or any enquiries made by, a Government Agency in connection with the Transaction (**Regulatory Matter**); and
 - (B) respond to reasonable requests for information that relate to any Regulatory Matter, whether made by the other party, a Government Agency or any other person, at the earliest practicable time.

3.3 Waiver of conditions precedent

- (a) The conditions precedent in clauses 3.1(a) and 3.1(b) cannot be waived.
- (b) The conditions precedent in clause 3.1(c) and 3.1(g) are for the benefit of Bidder and Target and any breach or non-fulfilment of either of these conditions precedent may only be waived with the written consent of both Bidder and Target.
- (c) The conditions precedent in clauses 3.1(d), 3.1(e) and 3.1(f) are for the sole benefit of Bidder and any breach or non-fulfilment of any of these conditions precedent may only be waived with the written consent of Bidder.
- (d) If a party waives the breach or non-fulfilment of a condition precedent, such waiver will not prevent that party from suing the other party for any breach of this deed that resulted in the breach or non-fulfilment of the condition precedent.
- (e) Waiver of breach or non-fulfilment of a condition precedent does not constitute:
 - (i) a waiver of breach or non-fulfilment of any other condition precedent resulting from the same event; or
 - (ii) a waiver of breach or non-fulfilment of that condition precedent resulting from any other event.

3.4 Termination on failure of condition precedent

- (a) If:
 - (i) there is a breach or non-fulfilment of a condition precedent and:
 - (A) the breach or non-fulfilment is not waived in accordance with clause 3.3; or

- (B) each party having the benefit of that condition precedent confirms in writing to the other party that it will not waive the breach or non-fulfilment in accordance with clause 3.3;
 - (ii) a condition precedent becomes incapable of satisfaction and:
 - (A) the breach or non-fulfilment of that condition precedent that has occurred or would otherwise occur is not waived in accordance with clause 3.3; or
 - (B) each party having the benefit of that condition precedent confirms in writing to the other party that it will not waive the breach or non-fulfilment of that condition precedent that has occurred or would otherwise occur in accordance with clause 3.3; or
 - (iii) the Scheme has not become Effective on or before the End Date,
- then either party may give the other party written notice (**Consultation Notice**) within 10 Business Days after the relevant event (**Termination Event**). The parties must then consult in good faith with a view to determining whether they can reach agreement with respect to:
- (iv) an extension of the time for satisfaction of the relevant condition precedent or an extension of the End Date (as the case may be); or
 - (v) the Transaction proceeding by way of alternative means or methods.
- (b) Subject to clauses 3.4(c) and 3.4(d), if the parties are unable to reach such agreement within 10 Business Days after a Consultation Notice is given, either party (in this clause 3.4, the **Terminating Party**) may terminate this deed by giving written notice (**Termination Notice**) to the other party, provided that:
- (i) if the basis upon which the Terminating Party is seeking to terminate this deed is the occurrence of an event described in clause 3.4(a)(i) or 3.4(a)(ii), such condition precedent has not been waived in accordance with clause 3.3; and
 - (ii) there has been no failure by the Terminating Party to comply with its obligations under this deed, where that failure directly and materially contributed to the circumstances forming the basis upon which the Consultation Notice was given.
- (c) If the condition precedent in clause 3.1(b) is not satisfied only because of a failure to obtain the majority required by sub-subparagraph 411(4)(a)(ii)(A) of the Corporations Act, then either party may by written notice to the other within 3 Business Days after the date of the conclusion of the Scheme Meeting require the approval of the Court to be sought, pursuant to the Court's discretion in that sub-subparagraph, provided the party has, in good faith, reasonably formed the view that the prospect of the Court exercising its discretion in that way is reasonable.
- (d) If the Court refuses to make an order approving the Scheme which satisfies the condition precedent in clause 3.1(a), the Target may, with the Bidder's consent (such consent not to be unreasonably withheld or delayed), appeal the Court's decision. The parties will bear the costs of any such appeal equally unless the parties otherwise agree.

- (e) Where a Termination Notice is validly given under this clause 3.4, this deed will terminate with immediate effect and clause 13.6 will apply.

3.5 Certain notices

Each party must promptly notify the other party in writing if:

- (a) a condition precedent has been satisfied, in which case that party must comply with any reasonable request for evidence of such satisfaction made by the other party;
- (b) there is a breach or non-fulfilment of a condition precedent; or
- (c) it becomes aware of any fact, matter or circumstance that has resulted, will result or is reasonably likely to result in:
 - (i) a condition precedent becoming incapable of satisfaction or otherwise not being satisfied in accordance with its terms;
 - (ii) a breach of a Representation and Warranty given by that party under this deed or such a Representation and Warranty ceasing to be true and correct in any material respect; or
 - (iii) a material breach of this deed by that party.

4 Scheme

4.1 Scheme

- (a) Subject to the terms and conditions of this deed:
 - (i) Target must propose; and
 - (ii) Bidder must implement and must procure that Bidder's Guarantor, Bidco, Rollco and REA Austin must implement,the Scheme on and subject to the terms and conditions of the Scheme, the Deed Poll and this deed.
- (b) Target must not consent to any modification of, or amendment to, the Scheme, or to the making or imposition by a court of any condition in respect of the Scheme, without the prior written consent of Bidder.

4.2 Allotment of shares in Bidco to Rollco

Before the issue of any New Rollco Shares to Scheme Shareholders on the Implementation Date under the Scheme, Bidder must procure the allotment to Rollco of a number of fully paid ordinary shares in Bidco equal to the number of New Rollco Shares which comprise the Aggregate Scrip Consideration (**Rollco Bidco Shares**).

4.3 Provision of Target Share information

In order to facilitate the provision of New Rollco Shares to Scheme Shareholders, Target must provide, or procure the provision, to Bidder a complete copy of the Target Share Register as at 7.00pm on the Record Date (which must include the name, address and registered holding of each Scheme Shareholder as at 7.00pm on the Record Date), within 2 Business Days after the Record Date and in such form as Bidder reasonably requires.

5 Implementation

5.1 Obligations take effect from the date of this deed

For the avoidance of doubt, notwithstanding the deferral of the Exclusivity Period as contemplated in clause 8.1, the obligations of the parties under this clause 5 take effect from the date of this deed and the parties must use all reasonable endeavours to implement the Transaction as soon as possible.

5.2 Target obligations

Target must, acting at all times in good faith, take all steps reasonably necessary to implement the Scheme in accordance with the Timetable and otherwise as soon as practicable and on and subject to the terms of this deed. Without limiting the foregoing, Target must (to the fullest extent applicable):

- (a) **(Independent Expert)** as soon as reasonably practicable after the date of this deed, appoint the Independent Expert and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report (and any update, addendum or variation to any such report);
- (b) **(promotion of Transaction)** subject to clause 7, provide all reasonable co-operation in the promotion of the Transaction to Target Shareholders, including procuring that senior Target Group employees communicate with customers and suppliers in a manner which is supportive of the Scheme;
- (c) **(preparation of Scheme Booklet)**
 - (i) prepare the Scheme Booklet (other than the Bidder Information and the Independent Expert's Report) in accordance with all applicable laws (including the Corporations Act and the Corporations Regulations), RG 60 and the Listing Rules; and
 - (ii) provide Bidder with drafts of the Scheme Booklet and the Independent Expert's Report in a timely manner (including a proposed final draft no later than two business days prior to lodgement of the Regulators Draft) and, acting reasonably and in good faith, take into account (and, where applicable, promptly provide to the Independent Expert in writing) all reasonable comments from Bidder and its Representatives on those drafts, provided that such comments are provided to Target in a timely manner;
- (d) **(lodgement of Regulator's Drafts)**
 - (i) as soon as reasonably practicable after the date of this deed but no later than 14 days before the First Court Date, provide an advanced draft of the Scheme Booklet (**Regulator's Draft**) to ASIC for its review for the purposes of section 411(2) of the Corporations Act, and provide a copy of the Regulator's Draft to Bidder immediately thereafter; and
 - (ii) keep Bidder reasonably informed of any material issues raised by ASIC in relation to the Regulator's Draft and, where practical to do so, consult with Bidder in good faith as to how any such issues should be addressed (provided that, where such issues relate to Bidder Information, Target must not take any steps to address them without Bidder's prior written consent, such consent not to be unreasonably withheld or delayed);

- (e) **(no objection statement)** apply to ASIC for a statement under section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (f) **(First Court Hearing)** apply to the Court for orders under section 411(1) of the Corporations Act directing Target to convene the Scheme Meeting;
- (g) **(due diligence and verification)** undertake appropriate due diligence and verification processes to ensure that, to the best of its knowledge having made all due and reasonable enquiries, the Target Information is not misleading or deceptive in any material respect (whether by omission or otherwise), and, once such processes have been completed, provide written confirmation to Bidder of the completion of such processes;
- (h) **(approval and registration of Scheme Booklet)** arrange for registration of the Scheme Booklet with ASIC in accordance with the Corporations Act;
- (i) **(Scheme Meeting)** as soon as reasonably practicable following registration of the Scheme Booklet by ASIC, despatch the Scheme Booklet to Target Shareholders, and convene and hold the Scheme Meeting in accordance with the orders made by the Court at the First Court Hearing;
- (j) **(supplementary disclosure)** if, after despatch of the Scheme Booklet, it becomes aware:
 - (i) that information included in the Scheme Booklet is or has become misleading or deceptive in any material respect (whether by omission or otherwise); or
 - (ii) of information that is required to be disclosed to Target Shareholders under any applicable law and RG 60 but was not included in the Scheme Booklet, promptly consult with Bidder in good faith as to the need for, and form of, any supplementary disclosure to Target Shareholders, and, to the extent any such disclosure is Bidder Information, with Bidder's prior written consent (such consent not to be unreasonably withheld or delayed), and otherwise having reasonably taken into account any comments from Bidder (provided such comments are provided to Target in a timely manner), make any such disclosure that it considers reasonably necessary in the circumstances, having regard to applicable laws and RG 60;
- (k) **(conditions precedent certificate)** at the Second Court Hearing, provide to the Court (through its counsel):
 - (i) a certificate, in the form of a deed, confirming (in respect of matters within its knowledge) whether or not the conditions precedent (other than the conditions precedent in clause 3.1(a)) have been satisfied or waived in accordance with clause 3.3, a draft of which certificate must be provided to Bidder by 5:00pm on the Business Day prior to the Second Court Date; and
 - (ii) any certificate provided to it by Bidder pursuant to clause 5.3(g);
- (l) **(Second Court Hearing)** subject to the conditions precedent (other than the condition precedent in clause 3.1(a) being satisfied or waived in accordance with clause 3, apply to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme;

- (m) **(Court Documents)** prepare the Court Documents, provide drafts of those documents to Bidder in a timely manner and, acting reasonably and in good faith, take into account all reasonable comments from Bidder and its Representatives on those drafts, provided that such comments are provided in a timely manner;
- (n) **(Bidder representation at Court Hearings)** allow, and not oppose, any application by Bidder for leave of the Court to be represented by counsel at a Court Hearing;
- (o) **(lodgement of Court order)** for the purposes of section 411(10) of the Corporations Act, lodge with ASIC an office copy of the orders made by the Court under section 411(4)(b) of the Corporations Act approving the Scheme before 5:00pm on the Business Day following the day on which it receives such office copy;
- (p) **(quotation of Target Shares and ASX listing)** apply to ASX to have:
 - (i) trading in Target Shares suspended from the close of trading on the Effective Date; and
 - (ii) Target removed from the official list of ASX, and quotation of Target Shares on the ASX terminated, with effect on and from the close of trading on the Trading Day immediately following, or shortly after, the Implementation Date,
 and not do anything to cause any of these things to happen before the time specified in this clause 5.2(p);
- (q) **(information and assistance)** provide Bidder with such information, including a copy of the Target Share Register, and assistance as Bidder reasonably requests and which is necessary for the purpose of soliciting votes in favour of the Scheme. Such information is to be provided in each case in the form reasonably requested by the Bidder;
- (r) **(compliance with laws)** do everything reasonably within its power to ensure that the Transaction is effected in accordance with all applicable laws, regulations and policy;
- (s) **(implementation)** if the Scheme become Effective, do all things contemplated of it under the Scheme and all other things (if any) necessary for the Target to do to lawfully give effect to the Scheme; and
- (t) **(conditions)** not do anything, or omit to do anything, which will, or is likely to, result in any of the conditions precedent in clause 3.1 being breached or not fulfilled.

5.3 Bidder obligations

Bidder must, acting at all times in good faith, take all steps reasonably necessary to implement the Scheme in accordance with the Timetable and otherwise as soon as practicable and on and subject to the terms of this deed. Without limiting the foregoing, Bidder must (to the fullest extent applicable):

- (a) **(prepare Bidder Information)**
 - (i) as soon as reasonably practicable after the date of this deed, prepare the Bidder Information for inclusion in the Scheme Booklet in accordance with all applicable laws (including the Corporations Act and the Corporations Regulations), RG 60 and the Listing Rules; and

- (ii) provide Target with drafts of the Bidder Information in a timely manner (including a proposed final draft no later than two Business Days prior to lodgement of the Regulators Draft) and, acting reasonably and in good faith, take into account all reasonable comments from Target and its Representatives on those drafts, provided that such comments are provided to Bidder in a timely manner;
- (b) **(assistance with Scheme Booklet and Court Documents)** provide any assistance or information reasonably requested by Target or its Representatives in connection with the preparation of the Scheme Booklet (including any supplementary disclosure to Target Shareholders) or any Court Documents;
- (c) **(Independent Expert's Report)** subject to the Independent Expert agreeing to reasonable confidentiality restrictions, provide any assistance or information reasonably requested by Target or its Representatives, or by the Independent Expert, in connection with the preparation of the Independent Expert's Report (and any update, addendum or variation to any such report);
- (d) **(due diligence and verification)** undertake appropriate due diligence and verification processes to ensure that, to the best of its knowledge having made all due and reasonable enquiries, the Bidder Information is not misleading or deceptive in any material respect (whether by omission or otherwise), and, once those processes have been completed, provide written confirmation to Target of the completion of such processes;
- (e) **(confirmation of Bidder Information)** promptly after Target requests that it does so confirm in writing to Target that:
 - (i) it consents to the inclusion of the Bidder Information in the Scheme Booklet, in the form and context in which the Bidder Information appears; and
 - (ii) the inclusion of the Bidder Information in the Scheme Booklet, in that form and context, has been approved by the Bidder Board;
- (f) **(update Bidder Information)** promptly advise Target in writing if it becomes aware:
 - (i) of information which should have been but was not included in the Bidder Information in a Scheme Booklet, and promptly provide Target with the omitted information; or
 - (ii) that the Bidder Information in a Scheme Booklet is misleading or deceptive in any material respect (whether by omission or otherwise), and promptly provide Target with any information required to correct the misleading or deceptive statements;
- (g) **(conditions precedent certificate)** before the commencement of the Second Court Hearing, provide to Target for provision to the Court at the Second Court Hearing a certificate, in the form of a deed, confirming (in respect of matters within its knowledge) whether or not the conditions precedent (other than the condition precedent in clause 3.1(a) have been satisfied or waived in accordance with clause 3, a draft of which certificate must be provided to Target by 5:00pm on the Business Day prior to the Second Court Date;
- (h) **(representation at Second Court Hearing)** ensure that it is represented by counsel at the Second Court Hearing, at which through its counsel, Bidder will undertake (if requested by the Court) to do all such things and take all such steps

within its power as are reasonably necessary in order to ensure the fulfilment of its obligations under this deed, the Scheme and to, so far as reasonably practicable, ensure that the Court makes an order under section 411(4)(b) of the Corporations Act approving the Scheme;

- (i) **(Deed Poll)** before 5:00pm on the Business Day prior to the First Court Date, enter into the Deed Poll and procure that Bidder's Guarantor, Bidco, Rollco and REA Austin enter into the Deed Poll, if the Scheme becomes Effective, comply with its obligations, and procure that Bidder's Guarantor, Bidco, Rollco and REA Austin comply with their obligations, under the Deed Poll;
- (j) **(compliance with laws)** do everything reasonably within its power to ensure that the Transaction is effected in accordance with all applicable laws, regulations and policy;
- (k) **(implementation)** if the Scheme become Effective, do all things contemplated of it under the Scheme and all other things necessary to lawfully give effect to the Scheme;
- (l) **(conditions)** not do anything, or omit to do anything, which will, or is likely to, result in any of the conditions precedent in clause 3.1 being breached or not fulfilled; and
- (m) **(Share Sale Deed)** itself enter into, and must procure that each of Bidco and REA Austin, enter into the Share Sale Deed before 8.00am on the First Court Date and must procure that such Share Sale Deed is not amended without the prior written consent of Target.

5.4 Scheme Booklet

- (a) If the parties are unable to agree on the form or content of a particular part of the Scheme Booklet, then:
 - (i) if the relevant part of the Scheme Booklet is Bidder Information, Target will make such amendments to that part of the Scheme Booklet as required by Bidder (acting reasonably and in good faith); and
 - (ii) in any other case, Target (acting reasonably and in good faith) will decide the form and content of that part of the Scheme Booklet.
- (b) The parties agree that the Scheme Booklet will contain a responsibility statement to the effect that:
 - (i) Target is responsible for the Target Information contained in the Scheme Booklet;
 - (ii) Bidder is responsible for the Bidder Information contained in the Scheme Booklet; and
 - (iii) the Independent Expert has provided, and is responsible for, the Independent Expert's Report,

and none of Target, Bidder or their respective directors and officers assume any responsibility for the accuracy or completeness of the Independent Expert's Report.

5.5 Conduct of business

- (a) Subject to clause 5.5(b), from the date of this deed up to and including the Implementation Date, Target must:
 - (i) ensure that the business of the Target Group is conducted:
 - (A) in the usual and ordinary course;
 - (B) in a manner generally consistent with the manner in which such business has been conducted in the 12 months prior to the date of this deed; and
 - (C) in accordance with all applicable laws in all material respects;
 - (ii) keep Bidder informed about material developments in the business of the Target Group;
 - (iii) promptly notify Bidder of any legal proceedings, claim or investigation which may be threatened, asserted or commenced against any member of the Target Group;
 - (iv) not, and must ensure that its Related Bodies Corporate do not:
 - (A) settle any legal proceedings, claim, investigation, arbitration or other like proceeding where the settlement amount payable by any entity within the Target Group exceeds \$250,000;
 - (B) do or cause to be done, or fail to do or cause not to be done, anything that would or may result in the Scheme not being implemented or being implemented otherwise than in accordance with the terms of this deed; or
 - (C) authorise, commit or agree to do any of the matters set out above;
 - (v) make reasonable endeavours to:
 - (A) keep available the services of the directors, officers and employees of the Target Group;
 - (B) maintain and preserve the Target Group's relationships with joint venturers, customers, suppliers, investors, Government Agencies, licensors, licensees and others with whom the Target Group has business dealings;
 - (C) retain the services of all Key Employees;
 - (D) not materially reduce its cash, save for any reductions in cash (x) as a result of the payment of costs and expenses incurred on financial adviser fees in connection with the Transaction as disclosed to Bidder prior to the date of this deed, or (y) as a result of taking any actions contemplated by this deed or (z) as a result of the payment of other reasonable adviser, expert, registry, court and printing costs and expenses directly related to the Transaction; and
 - (E) maintain its business and assets, including maintaining at least its current level of insurance;

- (vi) ensure that no Prescribed Occurrence occurs; and
- (vii) ensure that the Target Group does not enter into any lines of business or other activities in which the Target Group is not engaged as at the date of this deed, provided that, for the avoidance of doubt, nothing in this clause 5.5 shall prevent the Target Group from:
 - (A) entering into any new countries or areas in relation to an existing line of business; or
 - (B) charging agents and developer customers for research or real estate data.
- (b) Nothing in clause 5.5(a) restricts the ability of Target to take any action which:
 - (i) is required or permitted by this deed or the Scheme or the transactions contemplated by either;
 - (ii) has been fairly disclosed to Bidder in the Disclosure Materials before the date of this deed;
 - (iii) has been agreed to in writing by Bidder; or
 - (iv) that Target fairly disclosed in an announcement made by Target to ASX prior to the date of this deed.
- (c) In this deed, unless the context requires otherwise, references to the business or assets of the Target Group are to that business or those assets taken as a whole.

5.6 Access

Between the date of this deed and the Implementation Date (both dates inclusive), Target must use reasonable endeavours to procure that Bidder is provided with reasonable access to information (subject to existing confidentiality obligations owed to third parties), premises and senior executives of any member of the Target Group, where Bidder requests such access for the purposes of:

- (a) implementation of the Transaction; or
- (b) obtaining an understanding, or furthering its understanding, of the Target Group or its business or assets in order to allow Bidder to develop, finalise and implement its plans for the Target Group following implementation of the Transaction,

provided that:

- (c) nothing in this clause will require Target to provide information concerning Target's directors' and management's consideration of the Scheme;
- (d) compliance with any such request would not, in the reasonable opinion of Target (acting in good faith), result in undue disruption to the Target Group's business; and
- (e) Target may provide to Bidder its records at any place other than Target's premises with the prior written consent of the Bidder (which is not to be unreasonably withheld).

5.7 Employment arrangements

Between the date of this deed and the Implementation Date (both dates inclusive), Target must:

- (a) use its best endeavours to facilitate meetings and negotiations between Bidder (or its representatives) and the Key Employees to discuss new employment arrangements and/or an amendment of the employment arrangements of the Key Employees to terms acceptable to the Bidder (acting reasonably) to apply on and from the Implementation Date;
- (b) provide all information, to the extent permitted by law, reasonably required by Bidder in respect of the Key Employees for the purposes of such discussions and negotiations;
- (c) not terminate (other than for cause) or encourage the resignation of any Key Employee; and
- (d) not in any way discourage any of the Key Employees from agreeing to terms reasonably suggested by Bidder in respect of such employment arrangements.

5.8 Bidco and Rollco documentation

The parties must use their best endeavours to work together in good faith from the date of this deed to finalise and agree the form and terms of the following as soon as possible and in any event by no later than 8:00am on the First Court Date:

- (a) an investors' agreement in respect of Bidco which contains provisions to apply on and from the Implementation Date which are substantially in accordance with those set out in the term sheet in the Agreed Form;
- (b) a 'vanilla' constitution for Bidco in a form customary for Australian private companies, save that the provisions of the constitution must not be inconsistent with, and must (to the extent of any inconsistency) be overridden by, the terms of the investors' agreement contemplated by clause 5.8(a); and
- (c) the constitution of Rollco which contains provisions to apply on and from the Implementation Date which are substantially in accordance with those set out in the term sheet in the Agreed Form.

Bidder and Target will exchange final form documents initialled for identification once finalised.

5.9 Implementation & Integration Planning

- (a) The parties must work together in good faith from the date of this deed up to and including the Implementation Date to commence planning for the merger and integration of Target and Bidder Group following the Implementation Date.
- (b) As soon as practicable after the date of this deed, the parties will constitute an operational committee which may consist equally of members of the management team of each of Target and Bidder Group and such other persons as the parties' respective managing directors may agree from time to time.
- (c) The role of the operational committee is to act as a forum for the consideration and planning of matters relevant to implementation of the Transaction and the day one post implementation integration of the merged businesses.

- (d) The operational committee will meet fortnightly or otherwise as reasonably required by either party in order to progress the Transaction and matters relevant to integration of the merged businesses.
- (e) If any provision of this deed requires Bidder's agreement or consent in relation to the ongoing business operations of the Target Group, such agreement or consent will be taken to be given by Bidder if each representative of the Bidder Group on the operational committee confirms their support of the matter at a duly convened and minuted meeting of the committee at which all representatives of the Bidder Group are present, provided, however, that this provision does not limit the ways in which the Target may seek, and the Bidder may provide, such agreement or consent
- (f) The parties acknowledge and agree that:
 - (i) nothing in this clause 5.7 requires a party to act at the direction of the other party;
 - (ii) the respective businesses of the Bidder Group and the Target Group are to continue to operate independently until the Implementation Date; and
 - (iii) nothing in this deed is intended to constitute or create the relationship of partnership, joint venture or similar.

5.10 Resignation of directors

Subject to provision of the Consideration in accordance with this deed, the Scheme and the Deed Poll, Target must procure that, with effect on and from the Implementation Date:

- (a) those persons nominated by Bidder at least 5 Business Days before the Implementation Date are appointed to the Target Board and the boards of other members of the Target Group, provided that:
 - (i) such nominations are made in compliance with the terms of the investors' agreement contemplated by clause 5.8(a);
 - (ii) such persons sign consents to act as a director of the relevant member(s) of the Target Group; and
 - (iii) such consents to act are provided to Target before the Implementation Date; and
- (b) those Target Directors and directors of other members of the Target Group, as nominated by Bidder (provided such nominations are made in compliance with the terms of the investors' agreement contemplated by clause 5.8(a)), resign as a director of the relevant member(s) of the Target Group without any liability to such member(s) (provided that nothing in this clause 5.10(b) requires any such director to forego any rights they may have under any deed of access and indemnity or policy of directors and officers insurance).

5.11 Working capital facility

- (a) The Target must use bona fide efforts to secure a 2 year, \$14 million working capital facility, which will become operative if the Scheme becomes Effective, for the Target Group (on terms which are acceptable to the Target (acting reasonably)) prior to the Implementation Date, and with drawdown available from the Implementation Date (**Third Party Working Capital Facility**).

- (b) The Bidder or the Bidder's Guarantor agree, subject to the Scheme becoming Effective, to act as a guarantor of the Third Party Working Capital Facility if required by the Target.
- (c) If, prior to the Implementation Date, the Target has exerted bona fide efforts to do so but has been unable to obtain a Third Party Working Capital Facility on terms which are acceptable to the Target (acting reasonably), the Bidder or Bidder's Guarantor will, subject to the Scheme becoming Effective, provide a working capital facility to the Target Group (**Bidder Working Capital Facility**), on the following terms, and with such other terms to be negotiated in good faith between the Target and the Bidder or Bidder's Guarantor (as applicable):
 - (i) **Term:** 2 years from the Implementation Date, with draw down available from the Implementation Date
 - (ii) **Amount:** AUD\$14,000,000
 - (iii) **Interest rate:** the rate which could be obtained by the Bidder or the Bidder's Guarantor (as applicable) after using reasonable endeavours in the jurisdiction in which the borrowing occurs.
 - (iv) **Events entitling lender to demand repayment (ie events of default; repayable on demand etc):** default or insolvency only
 - (v) **Covenants to apply:** none
 - (vi) **Secured or unsecured:** unsecured

6 Public announcements

- (a) Immediately after execution of this deed, each of Target and Bidder must release the relevant Agreed Public Announcement.
- (b) Subject to clause 6(c), before a party makes any public announcement (whether to ASX or otherwise) which relates or refers to the Transaction (or may have a material effect on the Transaction or any aspect of it), that party must give other party a draft of such announcement and reasonable opportunity to comment on the form and content of the draft announcement and must take into account all reasonable comments promptly provided by the other party and its Representatives on the draft.
- (c) A party will only be required to comply with clause 6(b) if and to the extent that compliance would not, in the reasonable opinion of that party, be likely to result in that party breaching its continuous disclosure or similar obligations under any applicable law or the Listing Rules.

7 Board support of Transaction

7.1 Confirmation of Recommendations

- (a) Bidder acknowledges and agrees that neither Arthur Charlaftis, Owen Wilson and any other nominee of the Bidder (or a related body corporate of the Bidder) on Target's board shall be present at any part of any board meeting where the Transaction is discussed.

- (b) Target represents and warrants that each Independent Target Director has confirmed (by way of unanimous resolution of the Independent Target Directors) that his or her recommendation in respect of the Scheme is that Target Shareholders (other than Excluded Shareholders) vote in favour of the Scheme at the Scheme Meeting (**Recommendation**) in the absence of:
 - (i) a Superior Proposal; or
 - (ii) the Independent Expert concluding that the Scheme is not in the best interests of Target Shareholders (including either the Independent Expert's Report or any update, addendum or variation to it).
- (c) The parties acknowledge and agree that the Independent Target Directors may, in their discretion, as part of the Recommendation:
 - (i) recommend only the Cash Consideration and make no recommendation in relation to the Mixed Consideration; or
 - (ii) make no recommendation at all in relation to whether Target Shareholders should elect the Mixed Consideration or the Cash Consideration.

7.2 Maintenance of Recommendations

- (a) Target must use its best endeavours to procure that no Independent Target Director withdraws, changes or modifies a Recommendation unless:
 - (i) a Superior Proposal is made; or
 - (ii) the Independent Expert provides a report to Target (including either the Independent Expert's Report or any update, addendum or variation to it) that concludes that the Scheme is not in the best interests of Scheme Shareholders.

For the purposes of this clause, customary qualifications and explanations contained in the Scheme Booklet (or other correspondence with Target Shareholders) in relation to a Recommendation to the effect that the Recommendation is made in the absence of a Superior Proposal from a third party will not be regarded as a failure to make, or the withdrawal of, a Recommendation.

- (b) Subject to an Independent Target Director withdrawing or changing a Recommendation where an exception in clause 7.1 or clause 7.2 applies, Target must ensure that:
 - (i) the Scheme Booklet includes statements to the effect that each Independent Target Director gives the Recommendation; and
 - (ii) no public announcement is made by Target, and no public statement is made by any Independent Target Director, which is inconsistent with all Independent Target Directors giving the Recommendation.

7.3 Bidder acknowledgement

Bidder acknowledges that without derogating from a party's rights under clause 13, if any of the events in clauses 7.2(a)(i) or 7.2(a)(ii) occur, then any Independent Target Director may change, withdraw or modify their Recommendation.

8 Exclusivity

8.1 Deferral of Exclusivity Period

The parties agree that the restrictions in clauses 8.2, 8.3, 8.4 and 8.5 do not take effect until the commencement of the Exclusivity Period, which is 20 days after the date of this deed.

8.2 No-shop

During the Exclusivity Period, Target must not, and must ensure that its Representatives do not, directly or indirectly:

- (a) solicit, initiate or invite enquiries, discussions or proposals in relation to, or which may reasonably be expected to lead to, a Competing Proposal; or
- (b) communicate to any person any intention to do any of the things referred to in clause 8.2(a).

8.3 No-talk

- (a) Target represents and warrants to Bidder that as at the date of this deed it and its Representatives have terminated all discussions with any Third Party in relation to, or which could reasonably be expected to lead to, a Competing Proposal.
- (b) Subject to clause 8.6, during the Exclusivity Period, Target must not, and must ensure that its Representatives do not, directly or indirectly:
 - (i) participate in any discussions or negotiations in relation to, or which may reasonably be expected to lead to, a Competing Proposal;
 - (ii) provide or make available to any Third Party any Non-public Information where provision of that information may reasonably be expected to lead to a Competing Proposal; or
 - (iii) communicate to any person any intention to do any of the things referred to in clause 8.3(b)(i) or 8.3(b)(ii).

8.4 No due diligence

Without limiting clause 8.3 but subject to clause 8.6, during the Exclusivity Period, Target must not:

- (a) solicit, initiate, facilitate or encourage any party (other than Bidder or its Representatives) to undertake due diligence on Target or any member of the Target Group in connection with a Competing Proposal; or
- (b) make available to any other person (other than Bidder, its Representatives or a Government Agency) or permit such person to receive any Non-public Information with a view to obtaining, or which would reasonably be expected to lead to, a Competing Proposal.

This clause 8.4 does not prevent Target from providing information to ASX, the Independent Expert or Target's auditors and advisers in the ordinary course of business or to otherwise effect the negotiation and entry into this deed, or from making normal

presentations to brokers, portfolio investors and analysts in the ordinary course of business or promoting the merits of the Transaction.

8.5 Notification obligation

- (a) During the Exclusivity Period, Target must within 2 Business Days notify Bidder in writing if it is approached, or if any of its Representatives is approached, by any person in relation to an actual or potential Competing Proposal, and such notice must set out all material details of the approach, including the key terms of the Competing Proposal (including, if specified, the consideration, conditions, structure, timing, break fee and financing and due diligence requirements).
- (b) Subject to clause 8.6, such notice must also include the identity of the proponent(s) of the Competing Proposal.

8.6 Fiduciary exception

In respect of a Competing Proposal that is made or announced without any breach by Target of its obligations under this clause 8 (other than a breach permitted by this clause 8.6), Target may undertake any action (**Prohibited Action**) that would otherwise be prohibited by clause 8.3 or 8.4, or may fail to take any action (**required action**) that would otherwise be required by clause 8.5(b), if (and only to the extent that) the Independent Target Directors determine, acting in good faith and after consultation with Target's financial advisers and receiving written legal advice from external legal advisors, that not undertaking the Prohibited Action, or taking the required action, would, or would be likely, to result in the Independent Target Directors breaching their fiduciary or statutory duties.

9 Target Break Fee

9.1 Background

This clause 9 has been agreed to in circumstances where:

- (a) each party believes that it and its shareholders will derive significant benefits from the implementation of the Transaction;
- (b) Bidder has incurred and will further incur significant costs in connection with the Transaction, which will include significant opportunity costs if the Transaction is not implemented;
- (c) Bidder has requested that provision be made for the payment of the Target Break Fee by Target, and would not have entered into this deed had such provision not been made;
- (d) Target believes that it is appropriate to agree to pay the Target Break Fee to secure Bidder's entry into this deed; and
- (e) each party has received separate legal advice in relation to this deed and the operation of this clause 9.

The parties acknowledge and agree that the costs referred to in clause 9.1(b) are of such a nature that they cannot be precisely quantified, but that the Target Break Fee is a genuine and reasonable pre-estimate of the those costs.

9.2 Payment of Target Break Fee

Subject to clauses 9.3 and 9.5, Target must pay Bidder the Target Break Fee (without set-off or withholding) within 10 Business Days after the date of receipt of a written demand from Bidder if any of the following events occur:

- (a) at any time between the date of this deed and the end of the Exclusivity Period, a Competing Proposal is made or announced by a Third Party, and, within 12 months thereafter:
 - (i) a Competing Proposal of a kind referred to in paragraphs (a)(ii), (a)(iii) or (a)(iv) of the definition of Competing Proposal is completed, implemented or consummated by the Third Party or an Associate of the Third Party in the same or substantially the same form as made or announced;
 - (ii) the Third Party or an Associate of the Third Party acquires Control of, or merges with, Target; or
 - (iii) the Third Party acquires a Relevant Interest in 50% or more of Target Shares;
- (b) Bidder terminates this deed under clause 13.1(b), 13.2 (other than clauses 13.2(c) or 13.2(d)) or 13.5(b) (other than in circumstances where the Independent Expert concludes that the Transaction is not in the best interests of Target Shareholders); or
- (c) at any time between the date of this deed and the end of the Exclusivity Period, any Independent Target Director publicly:
 - (i) withdraws or adversely changes his or her Recommendation; or
 - (ii) makes any public statement to the effect that the Scheme is not, or is no longer, recommended,other than:
 - (iii) where the Independent Expert concludes in the Independent Expert's Report (or any update, addendum or variation to that report) that the Scheme is not in the best interests of Target Shareholders, other than where the reason for that conclusion is a Competing Proposal; or
 - (iv) in circumstances where Target is entitled to terminate this deed under clause 13.1.

9.3 Payment conditions

- (a) Notwithstanding the occurrence of any event referred to in clause 9.2 or anything to the contrary in this deed, the Target Break Fee will not be payable if the Scheme becomes Effective. The Target Break Fee must be refunded to Target within 10 Business Days after the Scheme becomes Effective if it was paid to Bidder before that time.
- (b) Target can only ever be liable to pay the Target Break Fee once.

9.4 Nature of payment

The Target Break Fee is an amount to compensate Bidder for the following costs and expenses:

- (a) external advisory costs (excluding success fees);
- (b) internal costs such as costs of management and directors' time, risk management costs and capital costs;
- (c) out-of-pocket expenses; and
- (d) opportunity costs incurred in pursuing the Transaction or in not pursuing other alternative acquisitions or strategic initiatives which otherwise could have been developed or pursued.

9.5 Compliance with law

- (a) This clause 9 imposes obligations on Target only to the extent that the performance of those obligations:
 - (i) does not constitute unacceptable circumstances as declared by the Takeovers Panel;
 - (ii) does not breach the fiduciary or statutory duties of the Target Directors; and
 - (iii) is not otherwise unlawful or held or determined to be unenforceable by a court.

If the Target Break Fee is paid to Bidder and clause 9.5(a)(i), 9.5(a)(ii) or 9.5(a)(iii) applies, Bidder must refund the relevant part of the Target Break Fee (if any) to Target within 10 Business Days after receipt of a written demand from Target.

9.6 Other claims

The maximum aggregate amount which Target is required to pay in relation to a breach of this deed by Target is the Target Break Fee and in no event (other than for gross negligence or fraud) will the aggregate liability of Target under or in connection with a breach of this deed or for any Claim exceed the Target Break Fee.

9.7 Exclusive Remedy

Notwithstanding any other provision under this deed, where the Target Break Fee becomes payable to Bidder under clause 9.2 of this deed (or would be payable if a demand was made), Target has no liability to Bidder for any Claim, other than Target's liability to pay the Target Break Fee to Bidder in circumstances referred to in clause 9.2.

10 Bidder Break Fee

10.1 Background

This clause 10 has been agreed to in circumstances where:

- (a) each party believes that it and its shareholders will derive significant benefits from the implementation of the Transaction;

- (b) Target has incurred and will further incur significant costs in connection with the Transaction;
- (c) Target has requested that provision be made for the payment of the Bidder Break Fee by Bidder, and would not have entered into this deed had such provision not been made;
- (d) Bidder believes that it is appropriate to agree to pay the Bidder Break Fee to secure Target's entry into this deed; and
- (e) each party has received separate legal advice in relation to this deed and the operation of this clause 10.

The parties acknowledge and agree that the costs referred to in clause 10.1(b) are of such a nature that they cannot be precisely quantified, but that the Break Fee is a genuine and reasonable pre-estimate of the those costs.

10.2 Payment of Bidder Break Fee

Subject to clause 10.3 and without limiting the rights of Target in respect of any other claims that may arise under this deed, Bidder must pay Target the Bidder Break Fee (without set-off or withholding) within 10 Business Days after the date of receipt of a written demand from Target if any of the following events occur:

- (a) Target terminates this deed in accordance with 13.1(b) or 13.5(a); or
- (b) Bidder does not pay the Consideration in accordance with the terms and conditions of this deed and the Deed Poll.

10.3 Payment conditions

- (a) Notwithstanding the occurrence of any event referred to in clause 10.2 or anything to the contrary in this deed, the Bidder Break Fee will not be payable if the Scheme becomes Effective. The Bidder Break Fee must be refunded to Bidder within 10 Business Days after the Scheme becomes Effective if it was paid to Target before that time.
- (b) Bidder can only ever be liable to pay the Bidder Break Fee once.

10.4 Nature of payment

The Bidder Break Fee is an amount to compensate Target for the following costs and expenses:

- (a) external advisory costs (excluding success fees);
- (b) internal costs such as costs of management and directors' time, risk management costs and capital costs;
- (c) out-of-pocket expenses; and
- (d) opportunity costs incurred in pursuing the Transaction or in not pursuing other alternative acquisitions or strategic initiatives which otherwise could have been developed or pursued.

10.5 Compliance with law

- (a) This clause 10 imposes obligations on Bidder only to the extent that the performance of those obligations:
 - (i) does not constitute unacceptable circumstances as declared by the Takeovers Panel;
 - (ii) does not breach the fiduciary or statutory duties of the directors of the Bidder; and
 - (iii) is not otherwise unlawful or held or determined to be unenforceable by a court.

If the Bidder Break Fee is paid to Target and clause 10.5(a)(i), 10.5(a)(ii), or 10.5(a)(iii) applies, Target must refund the relevant part of the Bidder Break Fee (if any) to Bidder within 10 Business Days after receipt of a written demand from Bidder.

10.6 Other claims

Subject to clause 10.8, the maximum aggregate amount which Bidder is required to pay in relation to a breach of this deed by Bidder is the Bidder Break Fee and in no event (other than for gross negligence or fraud) will the aggregate liability of Bidder under or in connection with a breach of this deed or for any Claim exceed the Bidder Break Fee.

10.7 Exclusive Remedy

Subject to clause 10.8 but notwithstanding any other provision under this deed, where the Bidder Break Fee becomes payable to Target under clause 10.2 of this deed (or would be payable if a demand was made), Bidder has no liability to Target for any Claim, other than Bidder's liability to pay the Bidder Break Fee to Target in circumstances referred to in clause 10.2.

10.8 Claims under the Deed Poll

Nothing in clauses 10.6 and 10.7 or otherwise in this deed will limit Bidder's Guarantor, Bidder, Bidco or Rollco's liability under or in connection with a breach of clause 4.2 of this deed or the Deed Poll.

11 Representations and Warranties

11.1 Bidder and Bidder's Guarantor Representations and Warranties

Bidder represents and warrants, and Bidder's Guarantor jointly and severally represents and warrants where applicable in respect of Bidder's Guarantor as well as Bidder, to Target that:

- (a) **(validly existing)** it is a validly existing corporation registered under the laws of its place of incorporation;
- (b) **(power)** it has full corporate power and lawful authority to execute, deliver and perform this deed and the Deed Poll;

- (c) (**corporate action**) it has taken all necessary corporate action to authorise the entry into this deed and has taken or will take all necessary corporate action to authorise the performance of this deed and the Deed Poll;
- (d) (**binding**) this deed is its valid and binding obligation enforceable in accordance with its terms;
- (e) (**performance**) the execution and performance by it of this deed did not and will not violate or breach any provision of:
 - (i) a law or treaty or a judgment, ruling, order or decree binding on it; or
 - (ii) its constitution;
- (f) (**regulatory approvals**) as far as Bidder is aware, no regulatory approval is required to be obtained by Bidder in order for it to execute, deliver and perform this deed;
- (g) (**Bidder Information**) the Bidder Information included in the Scheme Booklet with its consent pursuant to clause 5.3(e), and any other information provided by it pursuant to clause 5.3(f), will not be misleading or deceptive in any material respect (whether by omission or otherwise) and will comply in all material respects with applicable laws (including the Corporations Act and the Corporations Regulations), RG 60 and the Listing Rules;
- (h) (**Compliance**) Bidco and Rollco have complied in all material respects with all material laws applicable to them;
- (i) (**Insolvency**) neither the Bidder's Guarantor, Bidder, Bidco nor Rollco is insolvent or otherwise unable to pay their debts as and when they fall due;
- (j) (**No encumbrances**) there is no encumbrance over any or all of the shares in Bidco or Rollco;
- (k) (**Financing**) The Bidder has sufficient cash reserves, or will have in place funding arrangements which are unconditional (save for conditions which are solely within the Bidder's control), to pay the Maximum Cash Consideration.

11.2 Target Representations and Warranties

Target represents and warrants to Bidder that:

- (a) (**validly existing**) it is a validly existing corporation registered under the laws of its place of incorporation;
- (b) (**power**) it has full corporate power and lawful authority to execute, deliver and perform this deed and the Scheme;
- (c) (**corporate action**) it has taken all necessary corporate action to authorise the entry into this deed and has taken or will take all necessary corporate action to authorise the performance of this deed and the Scheme;
- (d) (**binding**) this deed is its valid and binding obligation enforceable in accordance with its terms;

- (e) **(performance)** the execution and performance by it of this deed did not and will not violate or breach any provision of:
 - (i) a law or treaty or a judgment, ruling, order or decree binding on it; or
 - (ii) its constitution;
- (f) **(capital structure)** its capital structure is as set out in Schedule 2 and, other than as set out in Schedule 2:
 - (i) it has not issued any other Target Shares or other securities, rights or instruments which are still outstanding and may convert into, or give the holder the right to be issued, Target Shares; and
 - (ii) it is not under any obligation to issue, and no person has any right to require or call for the issue of, any Target Shares or other securities, rights or instruments issuable by Target (whether such obligation or right is conditional or otherwise);
- (g) **(Target Information)** the Target Information included in the Scheme Booklet, and any supplementary disclosure made to Target Shareholders pursuant to clause 5.2(j) (excluding any information provided by Bidder), will not be misleading or deceptive in any material respect (whether by omission or otherwise) and will comply in all material respects with applicable laws (including the Corporations Act and the Corporations Regulations), RG 60 and the Listing Rules;
- (h) **(due diligence)** the Disclosure Materials were provided or made available to Bidder and its Representatives in good faith for the purposes of a due diligence process and in this context, as far as Target is aware after having made all reasonable enquiries, the Disclosure Materials have been collated with all reasonable care and skill and are not misleading, deceptive or incomplete in any material way;
- (i) **(publicly available information)** no documents or announcements which Target or any of its related bodies corporate has lodged or filed with, or otherwise given to, any Government Agency (or which has been so lodged, filed or given on its behalf or on behalf of any of its related bodies corporate), and which is publicly available or otherwise in the public domain, is misleading or deceptive in any material respect (whether by omission or otherwise);
- (j) **(continuous disclosure)** it has complied with its continuous disclosure obligations under Listing Rule 3.1 and, following release of the Agreed Public Announcement, there will be no information which it is withholding from disclosure in reliance on Listing Rule 3.1A;
- (k) **(accounts)** Target's audited financial statements for the half year ended 30 June 2015 show a true and fair view of the financial position and affairs of the Target Group as at that date and the financial performance and operation of the Target Group for the financial period ending on that date and are not misleading or deceptive in any respect;
- (l) **(Compliance)** all members of the Target Group have complied in all material respects with all material laws applicable to them;
- (m) **(No defaults)** no member of the Target Group is in material default under any Material Contract binding on it or its assets nor has anything occurred which is or would with the giving of notice or the lapse of time constitute an event of default,

prepayment event or similar event or give another party a termination right or right to accelerate any right or obligation under any Material Contract;

- (n) **(No litigation)** Other than the matters disclosed in the Disclosure Materials, no material litigation, prosecution, arbitration, mediation, or other proceedings relating to the Target Group has been on foot in the 3 years prior to the date of this deed, is current, is pending or, to the best of Target's knowledge having made all due and reasonable enquiries, threatened or would reasonably be expected to arise as a result of current circumstances;
- (o) **(Insolvency)** no member of the Target Group is insolvent or otherwise unable to pay their debts as and when they fall due;
- (p) **(No Encumbrances)** there is no Encumbrance over all or any of the assets or revenues of the Target Group, other than as disclosed in the Disclosure Materials; and
- (q) **(Third party rights)** Target is not aware of any facts or circumstances (except as disclosed in the Disclosure Materials) to suggest that the entry into this deed and the implementation of the Scheme will cause third party to:
 - (i) terminate a Material Contract or vary the performance of any material obligation of Target under the Material Contract; or
 - (ii) exercise a right to acquire, or require the disposal of, any material assets of Target.

11.3 Qualifications on Target Representation and Warranties

- (a) The Bidder acknowledges and agrees that the Target has disclosed against the Target Representations and the Bidder is aware of, and will be treated as having actual knowledge of all facts, matters and circumstances that:
 - (i) are fairly disclosed in the Disclosure Materials;
 - (ii) the Target fairly disclosed in an announcement made by Target to ASX prior to the date of this deed; or
 - (iii) are expressly required or permitted by this deed or the Scheme or the transactions contemplated by either.
- (b) The Target Warranties are given subject to the disclosure described in clause 11.3(a) and the Bidder must not make a Claim and the Target will not be in breach of a Representation and Warranty if the facts, matters or circumstances giving rise to such Claim or right to terminate are disclosed under clause 11.3(a).

11.4 Survival of Representations and Warranties

Each Representation and Warranty:

- (a) is severable;
- (b) survives termination of this deed; and
- (c) is given with the intent that liability thereunder will not be confined to breaches which are discovered prior to the date of termination of this deed.

11.5 Timing of Representations and Warranties

Unless otherwise expressly specified, each Representation and Warranty is given at the date of this deed and again at 8:00am on the Second Court Date, except that the Target Representation and Warranty in clause 11.2(j) are only given at the date of this deed.

12 Releases

12.1 Release of Target Indemnified Parties

- (a) Subject to clause 12.1(b), Bidder releases any and all rights that it may have, and agrees with Target that it will not make any claim, against any Target Indemnified Party as at the date of this deed and from time to time in connection with:
- (i) any breach of any covenant, representation or warranty given by Target under this deed;
 - (ii) any disclosures containing any statement which is false or misleading (whether by omission or otherwise); or
 - (iii) any failure to provide information,
- except where a Target Indemnified Party has engaged in wilful misconduct or fraud. To avoid doubt, nothing in this clause 12.1(a) limits the rights of Bidder to terminate this deed under clause 13.
- (b) The release in clause 12.1(a) is subject to any restriction imposed by law and will be read down to the extent that any such restriction applies.
- (c) Target receives and holds the benefit of clause 12.1(a) as trustee for the Target Indemnified Parties.

12.2 Release of Bidder Indemnified Parties

- (a) Subject to clause 12.2(b), Target releases any and all rights that it may have, and agrees with Bidder that it will not make any claim, against any Bidder Indemnified Party as at the date of this deed and from time to time in connection with:
- (i) any breach of any covenant, representation or warranty given by Bidder under this deed;
 - (ii) any disclosures containing any statement which is false or misleading (whether by omission or otherwise); or
 - (iii) any failure to provide information,
- except where a Bidder Indemnified Party has engaged in wilful misconduct or fraud. To avoid doubt, nothing in this clause 12.2 limits the rights of Target to terminate this deed under clause 13.
- (b) The release in clause 12.2(a) is subject to any restriction imposed by law and will be read down to the extent that any such restriction applies.
- (c) Bidder receives and holds the benefit of clause 12.2(a) as trustee for that Bidder Indemnified Parties.

12.3 Deeds of indemnity and insurance

- (a) Subject to the Scheme becoming Effective and the Transaction completing, Bidder undertakes in favour of Target and each other person who is a Target Indemnified Party that it will:
 - (i) for a period of 7 years from the Implementation Date, ensure that the constitutions of Target and each other member of the Target Group continues to contain such rules as are contained in those constitutions at the date of this deed that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a member of the Target Group; and
 - (ii) procure that Target and each member of the Target Group complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time and without limiting the foregoing, ensure that directors' and officers' run-off insurance cover for such directors and officers is maintained for a period of 7 years from the retirement date of each director and officer (and Target may, at its election, pay any amounts necessary to ensure such maintenance upfront prior to the implementation of the Scheme).
- (b) Bidder acknowledges that notwithstanding any other provision of this deed, Target may, prior to the Implementation Date, enter into arrangements to secure directors and officers run-off insurance for up to such 7 year period, and that any actions to facilitate that insurance or in connection therewith will not be Prescribed Occurrences or breach any provision of this deed.
- (c) The undertakings contained in clause 12.3(a) are subject to any Corporations Act restriction and will be read down accordingly.
- (d) Target receives and holds the benefit of clause 12.3(a), to the extent it relates to the other Target Indemnified Parties, as trustee for them.
- (e) In respect of each member of the Target Group, the undertakings in clause 12.3(a) are given until the earlier of:
 - (i) the end of the relevant period specified in clause 12.3(a); and
 - (ii) the relevant Target Group member ceasing to be part of the Target Group.

13 Termination

13.1 Termination by either party

- (a) Either party may terminate this deed in accordance with clause 3.4.
- (b) At any time before 8:00am on the Second Court Date, either party may terminate this deed if the other party commits a material breach of this deed (save for a breach of a Representation and Warranty which is dealt with in clause 13.5), provided that:
 - (i) it has given written notice to the other party setting out the relevant circumstances and stating an intention to terminate this deed; and

- (ii) the relevant circumstances have continued to exist for 5 Business Days from the time such notice is given (or any shorter period ending at 5:00pm on the Business Day before the Second Court Date).

Termination under this clause 13.1(b) will take effect at the expiry of the period referred to in clause 13.1(b)(ii).

13.2 Termination by Bidder

Bidder may terminate this deed, with immediate effect, at any time before 8:00am on the Second Court Date by notice in writing to Target if:

- (a) Target materially breaches clause 8;
- (b) a Prescribed Occurrence occurs which will have a materially adverse effect on the Target Group;
- (c) in any circumstances (including where an exception in clause 7.1 or 7.2 applies):
 - (i) any Independent Target Director withdraws, changes or modifies their Recommendation;
 - (ii) any Independent Target Director makes any public statement that is inconsistent with the Recommendation; or
 - (iii) any Independent Target Director recommends, endorses or supports any Competing Proposal;
- (d) in any circumstances, Target enters into any agreement or arrangement in relation to the implementation of any Competing Proposal.

13.3 Termination by Target

Target may terminate this deed, with immediate effect, by notice in writing to Bidder if, at any time before 8:00am on the Second Court Date, the Independent Target Directors publicly:

- (a) withdraw or change the Recommendation; or
- (b) recommend a Competing Proposal,

in each case provided that an exception in clause 7.1 or 7.2 applies.

13.4 Termination by written agreement

This deed may be terminated by the written agreement of the parties, on such terms as the parties agree.

13.5 Termination for breach of Representation and Warranty

- (a) Target may, at any time prior to 8.00am on the Second Court Date, terminate this deed for breach of a Bidder Representation and Warranty only if:
 - (i) Target has given written notice to Bidder setting out the relevant circumstances and stating an intention to terminate this deed;

- (ii) the relevant circumstances have continued to exist for 5 Business Days from the time such notice is given (or any shorter period ending at 5:00pm on the Business Day before the Second Court Date); and
 - (iii) the relevant breach is material in the context of the Scheme taken as a whole.
- (b) Bidder may, at any time prior to 8.00am on the Second Court Date, terminate this deed for breach of a Target Representation and Warranty only if:
- (i) Bidder has given written notice to Target setting out the relevant circumstances and stating an intention to terminate this deed;
 - (ii) the relevant circumstances have continued to exist for 5 Business Days from the time such notice is given (or any shorter period ending at 5:00pm on the Business Day before the Second Court Date); and
 - (iii) the relevant breach is material in the context of the Scheme taken as a whole.

13.6 Effect of termination

If this deed is terminated in accordance with this clause 13, this deed will cease to have force and effect without any liability or obligation on the part of any party, except that:

- (a) this clause 13.6 and clauses 1, 9, 10, 11.4, 11.5, 12, 14, 15, 16, 17 and 18, and Schedule 1, will survive termination; and
- (b) each party will retain any rights and remedies that accrued prior to termination, including any rights and remedies in respect of any past breach of this deed or (if applicable) in respect of the breach giving rise to termination.

14 Confidentiality deed and standstill

- (a) Each party acknowledges and agrees that nothing in this deed derogates from the rights and obligations of Target under the Confidentiality Deed, provided that this deed prevails to the extent of any inconsistency with the Confidentiality Deed.
- (b) The parties agree that, notwithstanding anything to the contrary in the Confidentiality Deed, if any person (other than Bidder or one of its Related Bodies Corporate or any of their Associates) acquires an interest (including a Relevant Interest and/or an economic interest by way of an equity swap, contract for difference or similar transaction or arrangement) in 10% or more of Target Shares, there will be no restriction on Bidder or its Related Bodies Corporate (other than a restriction imposed by statute) acquiring an interest in any Target Shares under a takeover bid for all the Target Shares provided that:
 - (i) the consideration offered under such a takeover bid includes an all cash amount of not less than \$4.00 per Target Share; and
 - (ii) any conditions to the offers under such a takeover bid are no less favourable to Target Shareholders than the conditions precedent of the Scheme as set out in clause 3.1 of this deed.

The parties agree that, for the purposes of paragraph 14(b)(ii), a 90% minimum acceptance condition will not cause such takeover bid to be subject to conditions less favourable than the conditions precedent of the Scheme.

15 Duty, costs and expenses

15.1 Stamp duty

Bidder:

- (a) must pay all stamp duties and any related fines and penalties in respect of this deed or any transaction effected under it; and
- (b) indemnifies Target against any liability arising from or in connection with any failure by it to comply with clause 15.1(a).

15.2 Costs and expenses

Except as otherwise provided in this deed, each party must pay its own costs and expenses in connection with the negotiation, preparation, execution and performance of this deed and the proposed, attempted or actual implementation of the Transaction.

16 GST

- (a) In this clause 16, a word or expression defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) has the meaning given to it in that legislation.
- (b) If a party makes a supply under or in connection with this deed in respect of which GST is payable, the consideration for the supply but for the application of this clause 16(b) (**GST exclusive consideration**) is increased by an amount (**additional GST amount**) equal to the GST exclusive consideration multiplied by the rate of GST prevailing at the time the supply is made.
- (c) If a party must reimburse or indemnify another party for a loss, cost or expense, the amount to be reimbursed or indemnified is first reduced by the amount equal to any input tax credit the other party, or the representative member of the GST group of which the other party is a member, is entitled to with respect to the loss, cost or expense, and then increased in accordance with clause 16(b) if such amount is consideration for a taxable supply made under or in connection with this deed.
- (d) A party need not make a payment of the additional GST amount until it receives a tax invoice or adjustment note (as appropriate) for the supply to which the payment relates.

17 Guarantee by Bidder's Guarantor

17.1 Guarantee and indemnity

Bidder's Guarantor:

- (a) unconditionally and irrevocably guarantees to Target on demand, the due and punctual performance of Bidder's obligations under this deed; and

- (b) as a separate and additional liability, indemnifies Target against all loss, actions, proceedings and judgements of any nature, incurred by, brought, made or recovered against Target arising from any default in the due performance of Bidder's obligations under this deed.

17.2 Extent of guarantee and indemnity

The liability of Bidder's Guarantor under this clause 17 is not affected by anything that, but for this clause 17, might operate to release or exonerate Bidder's Guarantor in whole or in part from its obligations including any of the following, whether with or without the consent of Bidder's Guarantor:

- (a) the grant to Bidder, Bidder's Guarantor or any other person of any time, waiver or other indulgence, or the discharge or release of Bidder, Bidder's Guarantor or any other person from any liability or obligation;
- (b) any transaction or arrangement that may take place between Target, Bidder or Bidder's Guarantor or any other person;
- (c) Target exercising or refraining from exercising its rights under any security or any other rights, powers or remedies against Bidder, Bidder's Guarantor or any other person;
- (d) the amendment, replacement, extinguishment, unenforceability, failure, loss, release, discharge, abandonment or transfer either in whole or in part and either with or without consideration, of any security now or in the future held by Target from Bidder, Bidder's Guarantor or any other person or by the taking of or failure to take any security;
- (e) the failure or omission or any delay by Target or Bidder to give notice to Bidder's Guarantor of any default by Bidder or any other person under this agreement; and
- (f) any legal limitation, disability, incapacity or other circumstances related to Bidder, Bidder's Guarantor or any other person.

17.3 Principal and independent obligation

This clause 17 is a principal obligation and is not to be treated as ancillary or collateral to any other right or obligation and extends to cover this agreement as amended, varied, supplemented, renewed or replaced.

17.4 Continuing guarantee and indemnity

This clause 17 is a continuing obligation of Bidder's Guarantor, despite implementation of the Scheme, and remains in full force and effect for so long as Bidder has any liability or obligation to Target under this deed and until all of those liabilities or obligations have been fully discharged.

17.5 No withholdings

- (a) Bidder's Guarantor must make all payments that become due under this clause 17, free and clear and without deduction of all present and future withholdings (including taxes, duties, levies, imposts, deductions and charges).
- (b) If Bidder's Guarantor is compelled by law to deduct any withholding, then in addition to any payment due under this clause 17, it must pay to Target such amount as is necessary to ensure that the net amount received by Target after

withholding equals the amount Target would otherwise been entitled to if not for the withholding.

17.6 Currency

Bidder's Guarantor must pay all moneys that it becomes liable to pay under this clause 17 in the currency in which they are payable under this deed and free of any commissions and expenses relating to foreign currency conversion or any other charges or expenses.

17.7 No set off

Bidder Guarantor has no right to set off, deduct or withhold any moneys that it may be or become liable to pay under this clause 17, against any moneys that Target or any other member of the Target Group may be, or become, liable to pay to a member of the Bidder Group whether under this deed or otherwise.

17.8 Bidder's Guarantor's liability

Bidder's Guarantor's liability in respect of any claim shall not exceed Bidder's liability in respect of that claim.

18 General

18.1 Notices

- (a) A notice, consent, approval, waiver or other communication sent by a party under this deed (**Notice**) must be:
- (i) in writing;
 - (ii) sent by an authorised representative of the sender; and
 - (iii) marked for the attention of the person named below, and must be:
 - (iv) left at, or sent by prepaid ordinary post (or by airmail if posted to or from a place outside Australia) to, the address set out below;
 - (v) sent by email to the address set out below.

Bidder and Bidder's Guarantor

Attention: Tracey Fellowes / Sarah Turner

Address: Level 3, 511 Church Street, Richmond VIC 3121

Email: tracey.fellowes@rea-group.com / sarah.turner@rea-group.com

with a copy (for information purposes only) to:

Andrew Bullock / Nirangjan Nagarajah

Gilbert + Tobin

2 Park Street

Sydney NSW 2000

ABullock@gtlaw.com.au

NNagarajah@gtlaw.com.au

Target

Attention: John Armstrong
Address: Suite 806, Level 8, 70 Pitt Street, Sydney NSW 2000
Email: jarmstrong@seek.com.au

with a copy (for information purposes only) to:

Attn: Michael Ziegelaar / Andrew Rich
Herbert Smith Freehills

ANZ Tower, 161 Castlereagh Street
Sydney NSW 2000

michael.ziegelaar@hsf.com
andrew.rich@hsf.com

- (b) Subject to clause 18.1(c), a Notice is taken to be received:
 - (i) if sent by delivery, when it is delivered;
 - (ii) if sent by post, three days after posting (or seven days after posting if sent from one country to another); or
 - (iii) if sent by email:
 - (A) when the sender receives an automated message confirming delivery; or
 - (B) four hours after the time sent (as recorded on the device from which the email was sent), provided that the sender does not receive an automated message that the email has not been delivered,whichever happens first.
- (c) If a Notice is taken to be received under clause 18.1(b):
 - (i) before 9:00am on a Business Day, it will be taken to be received at 9:00am on that Business Day; or
 - (ii) after 5:00pm on a Business Day or on a non-Business Day, it will be taken to be received at 9:00am on the next Business Day.

18.2 Governing law and jurisdiction

- (a) This deed is governed by the laws of New South Wales.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales and courts competent to hear appeals from those courts.

18.3 No representation or reliance

- (a) Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this deed, except for representations or inducements expressly set out in this deed and (to the maximum extent permitted by law) all other representations, warranties and conditions implied by statute or otherwise in relation to any matter relating to this deed, the circumstances surrounding the parties' entry into it and the transactions contemplated by it are expressly excluded.
- (b) Each party acknowledges and confirms that it does not enter into this deed in reliance on any representation or other inducement by or on behalf of any other person, except for any representation or inducement expressly set out in this deed.

18.4 No merger

The rights and obligations of the parties do not merge on completion of the Transaction. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing the Transaction.

18.5 Waivers and consents

- (a) Failure to exercise or enforce, a delay in exercising or enforcing, or the partial exercise or enforcement of any right, power or remedy provided by law or under this deed by any party does not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this deed.
- (b) Any waiver or consent given by a party under this deed is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of any term of this deed operates as a waiver of another breach of that term or of a breach of any other term of this deed.
- (d) Except where this deed expressly provides otherwise, where the consent of a party is required under this deed, such consent may be given or withheld in that party's absolute discretion.

18.6 Variation

This deed may only be varied by a document signed by or on behalf of each of the parties.

18.7 Assignment

- (a) A party may not assign, novate or otherwise transfer any of its rights or obligations under this deed without the prior written consent of the other parties.
- (b) A breach of clause 18.7(a) by a party shall be deemed to be a material breach for the purposes of clause 13.1(b)
- (c) Clause 18.7(b) does not affect the construction of any other part of this deed.

18.8 Further action

Each party will do all things and execute all further documents necessary to give full effect to this deed.

18.9 Entire agreement

This deed supersedes all previous agreements, understandings, negotiations or deeds in respect of its subject matter and embodies the entire agreement between the parties.

18.10 Severability

- (a) If the whole or any part of a provision of this deed is void, unenforceable or illegal in a jurisdiction, it is severed for that jurisdiction but only to the extent that it is void, unenforceable or illegal and provided that it will have full force and effect in any other jurisdiction. Where a provision (or any part thereof) is severed in a jurisdiction, the remainder of this deed will have full force and effect in that (and any other) jurisdiction.
- (b) This clause 18.10 does not apply to any severance that alters the basic nature of this deed or is contrary to public policy.

18.11 Counterparts

This deed may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

Schedule 1 — Dictionary

1 Dictionary

additional GST amount has the meaning given in clause 16(b).

Aggregate Cash Consideration has the meaning given in the Scheme.

Aggregate Scrip Consideration has the meaning given in the Scheme.

Agreed Form in respect of a document means that document in the form, or substantially the form, agreed by Bidder and Target prior to execution of this deed and initialled by Bidder and Target or their solicitors on their behalf for the purpose of identification.

Agreed Public Announcement means an announcement or announcements in the Agreed Form, to be released by each of Bidder and Target pursuant to clause 6(a).

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in section 12 of the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) or, where the context requires, the financial market operated by it known as the “Australian Securities Exchange”.

B-Class Share has the meaning given in the Scheme.

Bidder Break Fee means \$7,500,000 (exclusive of GST).

Bidder Group means, collectively, Bidder and each of its Related Bodies Corporate and a reference to a ‘**Bidder Group Member**’ or ‘**a member of the Bidder Group**’ is to Bidder or any of its Related Bodies Corporate.

Bidder Indemnified Party means a director, officer, employee or adviser of a member of the Bidder Group.

Bidder Information means:

- (a) information regarding the Bidder Group provided by or on behalf of Bidder to Target or its Representatives in writing for inclusion in a Scheme Booklet; and
- (b) all information in the Scheme Booklet regarding Bidco and Rollco, including the risk factors to be disclosed in the Scheme Booklet regarding Bidco and Rollco and all other material information in respect of the New Rollco Shares which shall comprise the Aggregate Scrip Consideration,

and for the avoidance of doubt does not include the Target Information and the Independent Expert’s Report.

Bidder Representations and Warranties means the representations and warranties set out in clause 11.1.

Bidco means a directly or indirectly wholly-owned Subsidiary of Bidder.

Bidco Rollco Shares has the meaning given in clause 4.2.

Bidder Working Capital Facility has the meaning given in clause 5.11(c).

Business Day has the meaning given in the Listing Rules.

Cash Consideration has the meaning given in the Scheme.

Claim means any claim, demand, legal proceedings or cause of action (including any claim, demand, legal proceedings or cause of action:

- (a) based in contract (including breach of warranty);
- (b) based in tort (including misrepresentation or negligence);
- (c) under common law or equity; or
- (d) under statute (including the Australian Consumer Law (being Schedule 2 of the *Competition and Consumer Act 2010* (Cth) (**CCA**)) or Part VI of the CCA, or like provision in any state or territory legislation)),

in any way relating to this deed or the Transaction, and includes a claim, demand, legal proceedings or cause of action arising under an indemnity in this deed.

Competing Proposal means any expression of interest or intent, proposal, offer, agreement, arrangement or transaction which:

- (a) if entered into or completed, would result in a Third Party (either alone or together with one or more Associates) directly or indirectly:
 - (i) acquiring an interest (including an economic interest by way of an equity swap, contract for difference or similar transaction or arrangement) or a Relevant Interest in 20% or more of the Target Shares;
 - (ii) acquiring, becoming the holder of or having a right to acquire or an economic interest in all or a substantial part of the business, or any of the material assets, of the Target Group (where a material asset of the Target Group will include rights in respect of assets representing 20% or more of the value of the Target Group's total assets);
 - (iii) otherwise acquiring, acquiring Control of or merging with Target or any other material member of the Target Group; or
 - (iv) requiring Target to abandon, or otherwise fail to proceed with, the Transaction,

whether by takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets or interests therein, joint venture, reverse takeover bid, dual-listed company structure, recapitalisation, establishment of a new holding company for the Target Group or other synthetic merger, or any other means.

condition precedent means a condition set out in clause 3.1.

Confidentiality Deed means the deed between Bidder and Target dated 24 September 2015.

Consideration means, in respect of each Scheme Share, the consideration payable to Scheme Shareholders under the Scheme, being comprised of the Cash Consideration or the Mixed Consideration.

Consultation Notice has the meaning given in clause 3.4.

Control has the meaning given in section 50AA of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Court means the Federal Court of Australia, New South Wales registry, or such other court of competent jurisdiction under the Corporations Act as agreed in writing between Bidder and Target.

Court Documents means the documents required for the purposes of a Court Hearing, including (as applicable) originating process, affidavits, submissions and draft minutes of Court orders.

Court Hearing means the First Court Hearing or Second Court Hearing (as applicable), and **Court Hearings** means both of them.

Deed Poll means the deed poll to be entered into by Bidder's Guarantor, Bidder, Bidco, REA Austin and Rollco under which each of Bidder's Guarantor, Bidder, Bidco, REA Austin and Rollco covenant in favour of the Scheme Shareholders to perform the obligations attributed to Bidder's Guarantor, Bidder, Bidco, REA Austin and Rollco under the Scheme, substantially in the form of Attachment C.

Disclosure Materials means:

- (a) the information in relation to the Target Group disclosed in writing by or on behalf of Target to Bidder and its Representatives prior to the date of this deed, including:
 - (i) the documents and information contained in the online data room to which Bidder and its Representatives were given access, including, for the avoidance of doubt, board papers; and
 - (ii) the written answers to requests for further information made by Bidder and its Representatives as set out in the request for further information schedule contained in the online data room; and
- (b) the information set out in the letter dated the date of this deed addressed by Target to Bidder disclosing certain facts, matters and circumstances.

Effective when used in relation to the Scheme, means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.

Effective Date means the date on which a Scheme becomes Effective.

Election has the same meaning as in the Scheme.

Encumbrance means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.

End Date means 2 May 2016, or such later date as Bidder and Target agree in writing.

Excluded Shareholder means any Target Shareholder who is a member of the Bidder Group or any Target Shareholder to the extent that, at the relevant time, it holds Target Shares on behalf of, or for the benefit of, any member of the Bidder Group.

Exclusivity Period means the period from the date that is 20 days after the date of this deed to the earlier of:

- (a) the termination of this deed under clause 13;
- (b) the End Date; and
- (c) the Effective Date.

First Court Date means the first day on which an application made to the Court for an order under section 411(1) of the Corporations Act directing Target to convene the Scheme Meeting is heard (or if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard), with such hearing being the **First Court Hearing**.

Government Agency means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal, statutory or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian. It also includes any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions (including ASIC and the Takeovers Panel) and any stock exchange (including ASX).

GST exclusive consideration has the meaning given in clause 16(b).

Implementation Date means the fifth Business Day after the Record Date or such other date as the parties agree in writing.

Independent Expert means the independent expert to be appointed by Target to prepare the Independent Expert's Report in accordance with clause 5.2(a).

Independent Expert's Report means the report in respect of the Scheme to be prepared and issued by the Independent Expert for inclusion in the Scheme Booklet.

Independent Target Directors mean the Target Directors, other than Arthur Charlaftis and Owen Wilson.

Key Employee means the list of key employees as agreed in writing between Bidder and Target.

Liability means a debt, liability and obligation, whether actual, prospective, contingent or otherwise and whether or not ascertained, and whether or not owing or incurred alone, or jointly and severally, with any other person.

Listing Rules means the official listing rules of ASX.

Material Adverse Change means a matter, event or circumstance (including a one-off or non-recurring event) that occurs, is announced or becomes known to Bidder where that matter, event or circumstance has, has had, or is reasonably likely to have, either individually, or when aggregated with any other matters, events or circumstances of a similar kind or category, the effect of:

- (a) diminishing the consolidated revenue of the Target Group, taken as a whole, by at least \$5 million against what it would reasonably be expected to have been but for that matter, event or circumstance; or
- (b) diminishing consolidated EBITDA of the Target Group, taken as a whole, by at least \$2 million against what it would reasonably be expected to have been but for that matter, event or circumstance,

other than matters, events or circumstances:

- (a) expressly required or permitted by this deed or the Scheme or the transactions contemplated by either;
- (b) fairly disclosed to Bidder in the Disclosure Materials;
- (c) that Target fairly disclosed in an announcement made by Target to ASX prior to the date of this deed;
- (d) that occur with the written consent of Bidder;
- (e) arising as a result of any generally applicable change in law or governmental policy;
- (f) arising from changes in exchange rates; or
- (g) arising from changes in economic or business conditions (including interest rates) that impact Target and its competitors in a similar manner, other than where such change arises from a change in national or regional political conditions (including the outbreak of war or hostilities, acts of terrorism and significant civil unrest).

Material Contract means any agreement, contract, deed or other arrangement or instrument to which a member of the Target Group is a party that imposes obligations or liabilities on any party of at least \$200,000 per annum or \$500,000 over the life of the agreement, contract, deed or other arrangement or instrument.

Maximum Cash Consideration means \$500 million.

Mixed Consideration has the meaning given in the Scheme.

New Rollco Share means a fully paid B-Class Share in the capital of Rollco to be provided to Scheme Shareholders under the Scheme.

Non-public Information means material non-public information in relation to Target.

Notice has the meaning given in clause 18.1(a).

Prescribed Occurrence means the occurrence of any of the following:

- (a) Target converting all or any of its shares into a larger or smaller number of shares;

- (b) any member of the Target Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) any member of the Target Group:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) any member of the Target Group issuing shares, or granting a performance right or an option over its shares, or agreeing to make such an issue or grant such a performance right or an option, other than an issue of shares pursuant to the exercise or vesting of Target Options;
- (e) any member of the Target Group issuing or agreeing to issue securities convertible into shares (including any issue or agreement to issue performance rights) or debt securities;
- (f) any member of the Target Group making, determining as payable or declaring any dividend or distribution (whether by way of dividend, capital reduction or otherwise and whether cash or in specie);
- (g) any member of the Target Group disposing, or agreeing to dispose of the beneficial or economic interest or right in any part of its business or property that is material to that member of the Target Group;
- (h) any member of the Target Group ceasing, or threatening to cease a part of its business that is material to that member of the Target Group;
- (i) any member of the Target Group creating, granting or agreeing to any Encumbrance over any material assets of any member of the Target Group, other than a lien which arises by operation of law or legislation;
- (j) any member of the Target Group resolving that it be wound up or the making of an application or order for the insolvent winding up or dissolution of a member of the Target Group other than where the application or order (as the case may be) is set aside within 14 days;
- (k) a liquidator or provisional liquidator of a member of the Target Group being appointed;
- (l) a court making an order for the winding up of a member of the Target Group;
- (m) an administrator of a member of the Target Group being appointed under the Corporations Act;
- (n) any member of the Target Group is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act unless that company has, or has access to, committed financial support from its parent entity such that it is able to pay its debts;
- (o) a member of the Target Group making any change to its constitution;
- (p) any member of the Target Group executing a deed of company arrangement;

- (q) a receiver, or a receiver and manager, being appointed in relation to the whole, or a substantial part, of the property of a member of the Target Group;
- (r) any member of the Target Group being deregistered as a company or otherwise dissolved;
- (s) any member of the Target Group enters into, agrees to enter into or announces any agreement or transaction (or any intention to enter into any agreement or transaction) which, if performed or completed, could be reasonably expected to involve or result in any member(s) of the Target Group:
 - (i) acquiring, agreeing to acquire or offering to acquire one or more companies, entities, securities, businesses or assets (or any interest in any of the foregoing), or any interest in any joint venture or partnership, in any such case having a value of at least \$3.5 million, either individually or when aggregated with all other such acquisitions, agreements or offers permitted by this sub-paragraph (s)(i); or
 - (ii) disposing of, agreeing to dispose of or offering to dispose of (whether by way of sale, transfer, joint venture or otherwise) one or more companies, entities, securities, businesses or assets (or any interest (including an economic interest) or right in any of the foregoing), or any interest in any joint venture or partnership, in any such case having a value of at least \$3.5 million, either individually or when aggregated with all other such disposals, agreements or offers permitted by this sub-paragraph (s)(ii);
- (t) any member of the Target Group:
 - (i) releasing or relinquishing any contractual right, except in the ordinary course of business consistent with past practice, where the financial impact of such release or relinquishment on the Target Group is more than \$3.5 million individually or in aggregate;
 - (ii) incurs or commits to, or brings forward the time for incurring or committing to, or grants to another person a right the exercise of which could be reasonably expected to involve or result in any member of the Target Group incurring or committing to:
 - (A) any capital expenditure in excess of \$3.5 million (individually or in aggregate); or
 - (B) financial indebtedness (including borrowings, loans and advances) or liability (whether actual or contingent), or foregoing any revenue, for one or more related items or amounts of in aggregate more than \$10 million;
 - (iii) subject to (t)(iv) enters into, agrees to enter into or materially amends any employment, consulting, severance or other similar arrangement or agreement with any officer, director, executive or employee of the Target Group whose total employment cost exceeds \$200,000 (**Relevant Employee**);
 - (iv) increases the remuneration of, pays any bonus or termination or retention payment to or varies or terminates the employment arrangements of any Relevant Employee (or agrees to do any of these things), in any such case other than in accordance with contractual entitlements existing as at the date of this deed;

- (v) accepts as a compromise of a matter less than the full compensation due to it or any other member(s) of the Target Group where the compromise is more than \$5 million or waives any material Third Party default where the financial impact upon the Target Group would be in excess of \$5 million;
- (vi) waives or forgives any loans made by any member of the Target Group in respect of Target Shares under any employee or director share, option or incentive plan;
- (vii) enters into or resolves to enter into a transaction with any related party of Target (other than a related party which is a member of the Target Group) as defined in section 228 of the Corporations Act;
- (viii) changes any accounting policy applied by them to report their financial position other than any change in policy required by a change in accounting standards;
- (ix) does anything that would result in a de-consolidation of the Target consolidated tax group; or
- (x) is in material default under a Material Contract;
- (u) any member of the Target Group entering into or renewing any agreement, contract, lease, licence or other binding obligation containing:
 - (i) any limitation or restriction on the ability of Target or any member of the Target Group or, following completion of the transaction contemplated by this deed, the ability of Bidder, to engage in any type of activity or business; or
 - (ii) any limitation or restriction on the manner in which, or the localities at which, all or any portion of the business of the Target Group or, following completion of the transaction contemplated by this deed, all or any portion of the business of Bidder, is or would be conducted; or
- (v) any member of the Target Group authorises, procures or commits or agrees to do any of the matters set out above,

but does not include any occurrence:

- (w) required or permitted by this deed or the Scheme or the transactions contemplated by either;
- (x) agreed to in writing by Bidder;
- (y) fairly disclosed to the Bidder in the Disclosure Materials; or
- (z) that Target fairly disclosed in an announcement made by Target to ASX.

Prohibited Action has the meaning given in clause 8.6.

REA Austin means REA Austin Pty Ltd ACN 600 588 305.

Recommendation has the meaning given in clause 7.2(a)(i).

Record Date means 7:00pm on the fifth Business Day after the Effective Date of the Scheme.

Regulator's Draft has the meaning given in clause 5.2(d)(i).

Regulatory Matter has the meaning given in clause 3.2(c)(ii)(A).

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

Relevant Employee has the meaning given in sub-paragraph (t)(iii) of the definition of "Prescribed Occurrence" in this Schedule 1.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Representation and Warranty means a Bidder Representation and Warranty or Target Representation and Warranty.

Representative means, in respect of a party, an employee, agent, officer, director, adviser or financier of that party (or of a Related Body Corporate of that party), and, in the case of advisers and financiers, includes employees, officers and agents of the adviser or financier (as applicable).

RG 60 means Regulatory Guide 60 issued by ASIC and dated September 2011.

Rollco means a directly or indirectly wholly-owned Subsidiary of Bidder's Guarantor.

Scheme means a members' scheme of arrangement under Part 5.1 of the Corporations Act between Target and the Scheme Shareholders, substantially in the form of Attachment B, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Bidder and Target.

Scheme Booklet means the explanatory statement in respect of the Scheme to be prepared by Target pursuant to section 412 of the Corporations Act and in accordance with clause 5.2(c), and to be despatched to Target Shareholders in accordance with clause 5.2(i), which will contain (among other things) the Independent Expert's Report (or a concise version of that report), a notice of meeting in respect of the Scheme Meeting and a proxy form.

Scheme Meeting means the meeting of Target Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Share means a Target Share held by a Scheme Shareholder as at the Record Date.

Scheme Shareholder means a Target Shareholder (other than an Excluded Shareholder) as at the Record Date.

Second Court Date means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard (or if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard), with such hearing being the **Second Court Hearing**.

Security Interest has the meaning given in section 12 of the *Personal Property Securities Act 2009* (Cth).

Share Sale Deed means the share sale deed, substantially in the form of Attachment 2 to the Scheme, under which REA Austin agrees to transfer all its shares in Target to Bidco.

Subsidiary has the meaning given in Division 6 of Part 1.2 of the Corporations Act.

Superior Proposal means a bona fide written proposal of the kind referred to in any of paragraphs (a)(ii), (a)(iii) or (a)(iv) of the definition of Competing Proposal which the Independent Target Directors consider, acting in good faith and after taking written advice from Target's legal and financial advisers:

- (a) is reasonably capable of being completed within 12 months taking into account all aspects of the Competing proposal, including having regard to any timing considerations, the proponent(s) and conditionality of the proposal; and
- (b) would, if implemented in accordance with its terms, result in a more favourable outcome for Target Shareholders than would result from implementation of the Scheme.

Takeovers Panel means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

Target Board means the board of directors of Target.

Target Break Fee means \$7,500,000 (exclusive of GST).

Target Director means a director of Target.

Target Group means, collectively, Target and each of its Related Bodies Corporate.

Target Indemnified Party means a director, officer, employee or adviser of a member of the Target Group.

Target Information means all the information in the Scheme Booklet other than the Bidder Information and the Independent Expert's Report.

Target Options means the options to subscribe for Target Shares (on a one for one basis), as set out in Schedule 2.

Target Representations and Warranties means the representations and warranties set out in clause 11.2.

Target Share means a fully paid ordinary share in the capital of Target.

Target Share Register means the register of members of Target maintained by or on behalf of Target in accordance with the Corporations Act.

Target Shareholder means each person who is registered as the holder of one or more Target Shares in the Target Share Register.

Terminating Party has the meaning given in clause 3.4.

Termination Event has the meaning given in clause 3.4.

Termination Notice has the meaning given in clause 3.4.

Third Party means a person other than Bidder and any Associate of Bidder.

Third Party Working Capital Facility has the meaning given in clause 5.11(a).

Timetable means the indicative timetable for the implementation of the Transaction set out in Attachment A.

Trading Day has the meaning given in the Listing Rules.

Transaction means the acquisition of shares in Target by Bidco by means of the Scheme.

2 Interpretation

In this deed, the following rules of interpretation apply unless the contrary intention appears.

- (a) Headings are for convenience only and do not affect the interpretation of this deed.
- (b) The singular includes the plural and vice versa.
- (c) Words that are gender neutral or gender specific include each gender.
- (d) Where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (e) The words “include”, “including”, “such as”, “to avoid doubt” and similar expressions are not words of limitation and do not limit what else might be included.
- (f) A reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate or entity (as that term is defined in section 64A of the Corporations Act);
 - (ii) a thing (including a chose in action or other right) includes a part of that thing;
 - (iii) a party includes its successors and permitted assigns;
 - (iv) a document includes all amendments or supplements to that document;
 - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or a party, schedule or attachment to, this deed (as applicable);
 - (vi) this deed includes all schedules and attachments to it;
 - (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity or a Listing Rule and is a reference to that law as amended, consolidated or replaced;
 - (viii) a reference to a body, other than a party to this deed (including an institute, association or authority), whether statutory or not:
 - (A) which ceases to exist; or
 - (B) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions;

- (ix) an agreement (other than this deed) includes an undertaking or legally enforceable arrangement or understanding (whether or not in writing);
 - (x) a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
 - (xi) a time is a reference to time in Sydney;
 - (xii) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day; and
 - (xiii) a monetary amount is in Australian dollars;
 - (xiv) the date of this deed, or the date on which this deed was entered into or executed, means 1 November 2015;
 - (xv) an event occurring or required to occur before or after the execution of or entry into this deed means the execution of or entry into this deed on 1 November 2015.
- (g) An agreement on the part of two or more persons binds them jointly and severally.
 - (h) When the day on which something must be done is not a Business Day, that thing must be done on the following Business Day.
 - (i) No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this deed or any part of it.
 - (j) A term defined in or for the purposes of the Corporations Act, and which is not defined in this deed, has the same meaning when used in this deed.
 - (k) If an act prescribed under this deed to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day.
 - (l) A reference in this deed to 'fairly disclosed' means disclosed to Bidder or any of its Representatives, to the extent that, and in sufficient detail so as to enable, a reasonable bidder (or one of its Representatives) experienced in transactions similar to the Transaction and experienced in a business similar to any business conducted by the Target Group, to identify the nature, scope and effect of the relevant matter, event or circumstance (including, in each case, that the financial effect of the relevant matter, event or circumstance was reasonably ascertainable from the information disclosed).

Schedule 2 —
Target capital structure

Security	Total number on issue	Exercise price	Expiry date
Target Shares	187,699,917	N/A	N/A
Target Options	1,000,000	\$3.1293	30 April 2017
	1,000,000	\$3.1293	30 April 2018
	1,000,000	\$3.1293	30 April 2019

Execution page

Executed as a deed.

Signed, sealed and delivered by
Realestate.com.au Pty Limited by:

Signature of director

Signature of director/secretary

Name of director (print)

Name of director/secretary (print)

Signed, sealed and delivered by REA Group
Limited by:

Signature of director

Signature of director/secretary

Name of director (print)

Name of director/secretary (print)

Signed, sealed and delivered by iProperty
Group Limited by:

Signature of director

Signature of director/secretary

Name of director (print)

Name of director/secretary (print)

Attachment A — Timetable

Event	Target date
Regulator's Draft provided to ASIC	Mid to late November 2015
First Court Hearing	Early December 2015
Scheme Meeting	Late January 2016
Second Court Hearing	Early February 2016
Effective Date	Early February 2016
Record Date	Early February 2016
Implementation Date	Early to mid February 2016

**Attachment B —
Scheme of arrangement**

[Attached]

**Attachment C —
Deed Poll**

[Attached]

Annexure 5

Scheme of Arrangement



HERBERT
SMITH
FREEHILLS

Scheme of arrangement – share scheme

iProperty Group Limited

Scheme Shareholders

Scheme of arrangement – share scheme

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

Target **iProperty Group Limited** ABN 99 126 188 538 of Suite 806, Level 8,
70 Pitt Street, Sydney NSW 2000

The Scheme Shareholders

1 Definitions, interpretation and scheme components

1.1 Definitions

Schedule 1 contains definitions used in this Scheme.

1.2 Interpretation

Schedule 1 contains interpretation rules for this Scheme.

1.3 Scheme components

This Scheme includes any schedule to it.

2 Preliminary matters

- (a) Target is a public company limited by shares, registered in Queensland, Australia, and has been admitted to the official list of the ASX. Target Shares are quoted for trading on the ASX.
- (b) As at 1 November 2015:
 - (1) 187,699,917 Target Shares; and
 - (2) 3,000,000 Target options over unissued shares in Target,were on issue.
- (c) Bidder's Guarantor is a listed public company limited by shares registered in Victoria, Australia.
- (d) Bidder, a wholly-owned Subsidiary of Bidder's Guarantor, is a company limited by shares registered in Victoria, Australia.

- (e) Bidco, a wholly-owned Subsidiary of Bidder, is a company limited by shares registered in Victoria.
- (f) Rollco, a wholly-owned Subsidiary of Bidder's Guarantor, is a company limited by shares registered in Victoria.
- (g) If this Scheme becomes Effective:
 - (1) the Bidder Entities must provide or procure the provision of the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll; and
 - (2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to Bidco and Target will enter the name of Bidco in the Target Share Register in respect of the Scheme Shares.
- (h) Target, Bidder's Guarantor and Bidder have agreed, by executing the Implementation Deed, to implement this Scheme.
- (i) This Scheme attributes actions to the Bidder Entities and REA Austin but does not itself impose an obligation on them to perform those actions. The Bidder Entities and REA Austin have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including, in relation to the Bidder Entities, the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 3 of the Implementation Deed (other than the condition in the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date (or any later date agreed between Target and Bidder in writing);
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
- (c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by Bidder and Target;
- (d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by Bidder and Target having been satisfied or waived; and
- (e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act on or before the End Date (or any later date Target and Bidder agree in writing).

3.2 Certificate

- (a) Target and Bidder will provide to the Court on the Second Court Date a certificate, in the form of a deed, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.
- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived.

3.3 End Date

Without limiting clause 4.3, this Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Implementation Deed or the Deed Poll is terminated in accordance with its terms, unless Bidder and Target otherwise agree in writing.

4 Implementation of this Scheme

4.1 Lodgement of Court orders with ASIC

Target must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible after the Court approves this Scheme and in any event by 5.00pm on the first Business Day after the day on which the Court approves this Scheme.

4.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5 and subject also to the occurrence of all the events contemplated by clauses 9.1, 9.2, 9.3, 9.4, 9.5, 9.6 and 9.7, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to Bidco, without the need for any further act by any Scheme Shareholder (other than acts performed by Target as attorney and agent for Scheme Shareholders under clause 8.5), by:
 - (1) Target delivering to Bidco a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Target, for registration; and
 - (2) Bidco duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Target for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(2), but subject to the stamping of the Scheme Transfer (if required), Target must enter, or procure the entry of, the name of Bidco in the Target Share Register in respect of all the Scheme Shares transferred to Bidco in accordance with this Scheme.

4.3 Termination

If:

- (a) one or more Target Shareholders who made an Election to receive Mixed Consideration:
 - (1) transfer some or all of their Target Shares that were the subject of that Election after the Election Time and before the Record Date; or
 - (2) change their address as shown on the Target Share Register such that they are Ineligible Foreign Shareholders; and
- (b) as a result of such transfer or transfers and change or changes of address, the Aggregate Cash Consideration which would be payable under clause 5 exceeds the Maximum Cash Consideration,

(the **Scheme Condition Subsequent**) then this Scheme will automatically terminate and be of no further force or effect, unless such breach of the Scheme Condition Subsequent is waived by the Bidder on or before the date that is 2 Business Days after the Record Date.

5 Scheme Consideration

5.1 Provision of Scheme Consideration

- (a) The Scheme Consideration in respect of each Scheme Share is either:
 - (1) the Cash Consideration; or
 - (2) the Mixed Consideration.
- (b) Each Scheme Shareholder is entitled to receive either Cash Consideration or Mixed Consideration in respect of each Scheme Share held by that Scheme Shareholder, subject to the terms of this Scheme.

5.2 Election

- (a) A Scheme Shareholder, other than an Ineligible Foreign Shareholder, may make an election (**Election**) to receive Mixed Consideration for all of their Scheme Shares by completing the Election Form, such Election being subject to the terms of this Scheme, including without limitation clauses 5.7, 5.8 and 5.9. An Ineligible Foreign Shareholder is not entitled to make an Election and will receive the Cash Consideration.
- (b) Subject to clause 5.2(g), for an Election to receive Mixed Consideration to be valid:
 - (1) the Scheme Shareholder must complete and sign the Election Form in accordance with the instructions in the Scheme Booklet and on the Election Form; and
 - (2) the Election Form must be received by the Target Registry before the Election Time at the address specified in the Scheme Booklet and on the Election Form,

unless Bidder and Target agree otherwise, in their absolute discretion.

- (c) An Election to receive Mixed Consideration made by a Scheme Shareholder pursuant to clause 5.2(a), whether valid or not, will be irrevocable unless Bidder and Target agree, in their absolute discretion, to the revocation of the Election.
- (d) If:
- (1) a valid Election for Mixed Consideration is not made by a Scheme Shareholder;
 - (2) the Scheme Shareholder is an Ineligible Foreign Shareholder; or
 - (3) no Election for Mixed Consideration is made by a Scheme Shareholder,
- then that Scheme Shareholder will receive Cash Consideration in respect of all of their Scheme Shares.
- (e) Subject to clause 5.2(f), if a Scheme Shareholder acquires Scheme Shares after the Election Time, then that Scheme Shareholder will receive Cash Consideration in respect of all of their Scheme Shares, unless Bidder and Target agree otherwise, in their absolute discretion.
- (f) Subject to clause 5.2(g) and despite clause 5.2(e), an Election for Mixed Consideration made by a Scheme Shareholder under this clause 5.2 will be deemed to apply in respect of the Scheme Shareholder's entire registered holding of Scheme Shares at the Record Date, regardless of whether the Scheme Shareholder's holding of Scheme Shares at the Record Date is greater or less than the Scheme Shareholder's holding at the time it made its Election, unless Bidder and Target agree otherwise, in their absolute discretion.
- (g) In the manner considered appropriate by Target and Bidder (acting reasonably including after consultation with the Target Registry), a Scheme Shareholder who is noted on the Target Share Register as holding one or more parcels of Target Shares as trustee or nominee for, or otherwise on account of, another person, may make separate Elections under this clause 5.2 to receive Mixed Consideration for all of their Scheme Shares in relation to any of those parcels of Scheme Shares (subject to it providing to Bidder and Target any substantiating information they reasonably require), and an Election for Mixed Consideration made in respect of any such parcel, or an omission to make an Election for Mixed Consideration in respect of any such parcel, will not be taken to extend to the other parcels.
- (h) Subject to clauses 5.2(i) and 5.2(j), an Election Form will not be valid unless it is completed and received in accordance with the procedures set out in clause 5.2(b), unless Bidder and Target agree otherwise, in their absolute discretion.
- (i) Target will determine, in its sole discretion having consulted with Bidder in good faith, all questions as to the correct completion of an Election Form, and time of receipt of an Election Form. Target is not required to communicate with any Scheme Shareholder prior to making this determination. The determination of Target will be final and binding on the Scheme Shareholder.
- (j) Notwithstanding clause 5.2(b), Target may, in its sole discretion having consulted with Bidder in good faith, at any time and without further communication to Scheme Shareholder, deem any Election Form it receives from a Scheme Shareholder to be a valid Election for Mixed Consideration in respect of the relevant Scheme Shares, even if a requirement for a valid Election for Mixed Consideration has not been complied with.

5.3 Cash Consideration

Unless a Scheme Shareholder has validly Elected to receive the Mixed Consideration in accordance with clause 5.2, each Scheme Shareholder will be entitled to receive the Cash Consideration for each Scheme Share held by that Scheme Shareholder at the Scheme Record Date.

5.4 Mixed Consideration

- (a) If a Scheme Shareholder validly Elects to receive Mixed Consideration, the Scheme Shareholder will be entitled to receive for each Scheme Share held by that Scheme Shareholder at the Scheme Record Date:
- (1) if the Maximum Scrip Consideration is not required by clause 5.4(b) to be pro-rated amongst Scheme Shareholders who validly Elect Mixed Consideration:
 - (A) Mixed Cash Consideration; and
 - (B) Mixed Scrip Consideration; and
 - (2) if the Maximum Scrip Consideration is required by clause 5.4(b) to be pro-rated amongst Scheme Shareholders who validly Elect Mixed Consideration:
 - (A) a number of New Rollco Shares (**X**) per Scheme Share calculated as follows (which shall include any fraction of a New Rollco Share arising from the calculation):

$$\mathbf{X = A/B}$$
 Where:
 - A = Maximum Scrip Consideration; and
 - B = the total number of Scheme Shares held at the Record Date by all Scheme Shareholders who validly Elect Mixed Consideration; and
 - (B) an amount of cash per Scheme Share (**A**) calculated as follows:

$$\mathbf{A = ((W-X) \times Y) + Z}$$
 Where:
 - W = Mixed Scrip Consideration;
 - X = the number of New Rollco Shares per Scheme Share determined in accordance with clause 5.4(a)(2)(A);
 - Y = Cash Consideration; and
 - Z = Mixed Cash Consideration.
- (b) For the purpose of clause 5.4(a), the Maximum Scrip Consideration is required to be pro rated amongst the Scheme Shareholders who validly Elect Mixed Consideration if the number of New Rollco Shares determined by multiplying the Mixed Scrip Consideration by the total number of Scheme Shares held by all Scheme Shareholders who validly Elect Mixed Consideration exceeds the Maximum Scrip Consideration.

5.5 Provision of Cash Consideration and cash component of Mixed Consideration

- (a) The Bidder Entities must, and Target must use its best endeavours to procure that the Bidder Entities do, by no later than the Business Day before the Implementation Date, deposit in cleared funds an amount equal to the Aggregate Cash Consideration in an Australian dollar denominated trust account operated by Target as trustee for the Scheme Shareholders, provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidder's account.
- (b) On the Implementation Date, subject to funds having been deposited in accordance with clause 5.5(a), Target must pay or procure the payment, from the trust account referred to in clause 5.5(a), to each Scheme Shareholder such amount of cash from the cash component of the Scheme Consideration as that Scheme Shareholder is entitled under this clause 5.
- (c) The obligations of Target under clause 5.5(b) will be satisfied by Target (in its absolute discretion):
- (1) where a Scheme Shareholder has, before the Record Date, made a valid election in accordance with the requirements of the Target Registry to receive dividend payments from Target by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
 - (2) otherwise, whether or not the Scheme Shareholder has made an election referred to in clause 5.5(c)(1), dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.7).
- (d) To the extent that, following satisfaction of Target's obligations under clause 5.5(b), there is a surplus in the amount held by Target as trustee for the Scheme Shareholders in the trust account referred to in that clause (after taking into account any funds required to satisfy any outstanding cheques issued in accordance with this clause 5.5 and any obligations under clause 5.10), that surplus may be paid by Target to Bidder.

5.6 Provision of scrip component of Mixed Consideration

Rollco must, subject to clauses 5.7, 5.8 and 5.9:

- (a) on the Implementation Date, issue the New Rollco Shares to which each Scheme Shareholder who makes a valid Election, or is otherwise deemed to have validly Elected, to receive Mixed Consideration in respect of that Scheme Shareholder's Scheme Shares, is entitled under this clause 5 and procure that the name and address of each such Scheme Shareholder is entered in the Rollco Register in respect of those New Rollco Shares; and
- (b) procure that on or before the date that is two Business Days after the Implementation Date, a share certificate or holding statement (or equivalent document) is sent to the Registered Address of each Scheme Shareholder to whom New Rollco Shares are issued in accordance with clause 5.6(a) representing the number of New Rollco Shares issued to that Scheme Shareholder pursuant to this Scheme.

5.7 Joint holders

In the case of Scheme Shares held in joint names:

- (a) subject to clause 5.5(c), any amount comprising the cash component of the Scheme Consideration payable in respect of those Scheme Shares is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Target, the holder whose name appears first in the Target Share Register as at the Record Date or to the joint holders;
- (b) any New Rollco Shares to be issued under this Scheme must be issued to and registered in the names of the joint holders; and
- (c) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Target, the holder whose name appears first in the Target Share Register as at the Record Date or to the joint holders.

5.8 Ineligible Foreign Shareholders

Rollco will be under no obligation to issue, and must not issue, any New Rollco Shares under this Scheme to any Ineligible Foreign Shareholder, and instead, must pay the Cash Consideration to each Ineligible Foreign Shareholder who is a Scheme Shareholder in accordance with this clause 5.

5.9 Fractional entitlements and splitting

- (a) Where the calculation of the number of New Rollco Shares to be issued, or cash amount to be paid, to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a New Rollco Share, or a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole number of New Rollco Shares or the nearest whole cent (as the case may be) (but only after applying the Scheme Shareholder's entitlement (prior to rounding) to its entire holding of Scheme Shares).
- (b) If Bidder is of the opinion, formed reasonably, that several Scheme Shareholders, each of which holds a holding of Target Shares which results in a fractional entitlement to New Rollco Shares or a cent have, before the Record Date, been party to a shareholding splitting or division in an attempt to obtain an advantage by reference to the rounding provided for in the calculation of each Scheme Shareholder's entitlement to the Scheme Consideration, Bidder may direct Target to give notice to those Scheme Shareholders:
 - (1) setting out the names and Registered Addresses of all of them;
 - (2) stating that opinion; and
 - (3) attributing to one of them specifically identified in the notice the Target Shares held by all of them,

and, after the notice has been so given, the Scheme Shareholder specifically identified in the notice shall, for the purposes of this Scheme, be taken to hold all those Target Shares and each of the other Scheme Shareholders whose names are set out in the notice shall, for the purposes of this Scheme, be taken to hold no Target Shares.

5.10 Unclaimed monies

- (a) Target may cancel a cheque issued under this clause 5 if the cheque:

- (1) is returned to Target; or
 - (2) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Target (or the Target Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Target must reissue a cheque that was previously cancelled under this clause 5.10.
- (c) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 7 of the *Unclaimed Money Act 1995* (NSW)).

5.11 Orders of a court or Government Agency

If written notice is given to Target (or the Target Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Target in accordance with this clause 5, then Target shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
- (b) prevents Target from providing consideration to any particular Scheme Shareholder in accordance with this clause 5, or the payment or issuance of such consideration is otherwise prohibited by applicable law, Target shall be entitled to (as applicable):
- (1) retain an amount, in Australian dollars, equal to the cash component of the Scheme Consideration to which that Scheme Shareholder would otherwise be entitled to under this clause 5; and
 - (2) direct Rollco not to issue, or to issue to a trustee or nominee, such number of Rollco Shares as that Scheme Shareholder would otherwise be entitled to under this clause 5,
- until such time as provision of the Scheme Consideration in accordance with this clause 5 is permitted by that (or another) order or direction or otherwise by law.

5.12 Status of New Rollco Shares

Subject to this Scheme becoming Effective, Rollco must:

- (a) issue the New Rollco Shares required to be issued by it under this Scheme on terms such that each such New Rollco Share will rank equally in all respects with all other New Rollco Shares;
- (b) ensure that each such New Rollco Share is duly and validly issued in accordance with all applicable laws and the Rollco Constitution, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except for any lien arising under the Rollco Constitution).

6 Dealings in Target Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Target Shares or other alterations to the Target Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Target Share Register as the holder of the relevant Target Shares on or before the Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before the Record Date at the place where the Target Share Register is kept,

and Target must not accept for registration, nor recognise for any purpose (except a transfer to Bidco pursuant to this Scheme or the Share Sale Deed and any subsequent transfer by Bidco or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) Target must register registrable transmission applications or transfers of the Scheme Shares in accordance with clause 6.1(b) before the Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires Target to register a transfer that would result in a Target Shareholder holding a parcel of Target Shares that is less than a 'marketable parcel' (for the purposes of this clause 6.2(a) 'marketable parcel' has the meaning given in the Operating Rules).
- (b) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Target shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Target must maintain the Target Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Target Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for Target Shares (other than statements of holding in favour of Bidco or any Excluded Shareholders) will cease to have effect after the Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Target Share Register (other than entries on the Target Share Register in respect of Bidco or any Excluded Shareholder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Target Shares relating to that entry.
- (e) As soon as possible on or after the Record Date, and in any event by 5.00pm on the first Business Day after the Record Date, Target will ensure that details of the names, Registered Addresses and holdings of Target Shares for each Scheme Shareholder as shown in the Target Share Register are available to Bidder in the form Bidder reasonably requires.

7 Quotation of Target Shares

- (a) Target must apply to ASX to suspend trading on the ASX in Target Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by Bidder, Target must apply:
 - (1) for termination of the official quotation of Target Shares on the ASX; and
 - (2) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) Target may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Bidder has consented; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which Target has consented to.

8.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder:
 - (1) agrees to the transfer of their Target Shares together with all rights and entitlements attaching to those Target Shares in accordance with this Scheme;
 - (2) agrees to the variation, cancellation or modification of the rights attached to their Target Shares constituted by or resulting from this Scheme;
 - (3) agrees to, on the direction of Bidder, destroy any holding statements or share certificates relating to their Target Shares;
 - (4) who is issued New Rollco Shares under this Scheme agrees to become a member of Rollco and to be bound by the terms of the Rollco Constitution; and
 - (5) acknowledges and agrees that this Scheme binds Target and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting).
- (b) Each Scheme Shareholder is taken to have warranted to Target and Bidco on the Implementation Date, and appointed and authorised Target as its attorney and agent to warrant to Bidco on the Implementation Date, that:
 - (1) all their Target Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal*

Property Securities Act 2009 (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and

- (2) they have full power and capacity to transfer their Target Shares to Bidco together with any rights and entitlements attaching to those shares.

Target undertakes that it will provide such warranty to Bidco as agent and attorney of each Scheme Shareholder.

8.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Bidco will, at the time of transfer of them to Bidco vest in Bidco free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009 (Cth)*) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.
- (b) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, Bidco will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by Target of Bidco in the Target Share Register as the holder of the Scheme Shares.

8.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, and until Target registers Bidco as the holder of all Scheme Shares in the Target Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed Bidco as attorney and agent (and directed Bidco in each such capacity) to appoint any director, officer, secretary or agent nominated by Bidco as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;
- (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Bidco reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), Bidco and any director, officer, secretary or agent nominated by Bidco under clause 8.4(a) may act in the best interests of Bidco as the intended registered holder of the Scheme Shares.

8.5 Authority given to Target

Each Scheme Shareholder, without the need for any further act:

- (a) on the Effective Date, irrevocably appoints Target and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and

agent for the purpose of enforcing the Deed Poll against the Bidder Entities and REA Austin, and Target undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against the Bidder Entities and REA Austin on behalf of and as agent and attorney for each Scheme Shareholder; and

- (b) on the Implementation Date, irrevocably appoints Target and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Target accepts each such appointment. Target as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

8.6 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Government Agency), all instructions, notifications or elections by a Scheme Shareholder to Target binding or deemed binding between the Scheme Shareholder and Target relating to Target or Target Shares, including instructions, notifications or elections relating to:

- (a) whether dividends are to be paid by cheque or into a specific bank account;
- (b) payments of dividends on Target Shares; and
- (c) notices or other communications from Target (including by email),

will be deemed from the Implementation Date (except to the extent determined otherwise by Rollco in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to Rollco and to be a binding instruction, notification or election to, and accepted by, Rollco in respect of the New Rollco Shares issued to that Scheme Shareholder until that instruction, notification or election is revoked or amended in writing addressed to Rollco at its registry.

8.7 Binding effect of Scheme

This Scheme binds Target and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Target.

9 Other implementation steps

9.1 Transfer of REA Austin's Target Shares to Bidco

Subject to this Scheme becoming Effective, each of Bidco, Bidder and REA Austin must, and Bidder's Guarantor must procure that each of Bidco, Bidder and REA Austin must:

- (a) enter into and complete the Share Sale Deed and ensure that the Share Sale Deed is not amended without the consent of iProperty before the issue of any New Rollco Shares to Scheme Shareholders in accordance with clause 5.6; and
- (b) undertake all other actions attributed to it under the Share Sale Deed,

subject to and in accordance with the provisions of the Share Sale Deed.

9.2 Adoption of Bidco Constitution

Subject to this Scheme becoming Effective, Bidco must, and each of Bidder and Bidder's Guarantor must procure that Bidco must, adopt (if it has not already done so) the Bidco Constitution as its constitution, and must ensure that the Bidco Constitution remains the constitution of Bidco and is not amended without the consent of iProperty, before the issue of any New Rollco Shares to Scheme Shareholders in accordance with clause 5.6.

9.3 Entry into Shareholders' Deed

Subject to this Scheme becoming Effective, each of Bidder's Guarantor, Bidco, Rollco and Bidder must, and Bidder's Guarantor must procure that each of Bidco, Rollco and Bidder must:

- (a) enter into the Shareholders' Deed and ensure that the Shareholders' Deed is not amended without the consent of iProperty, before the issue of any New Rollco Shares to Scheme Shareholders in accordance with clause 5.6; and
- (b) undertake all other actions attributed to it under the Shareholders' Deed,

subject to and in accordance with the provisions of the Shareholders' Deed.

9.4 Adoption of Rollco Constitution

Subject to this Scheme becoming Effective, Rollco must, and Bidder's Guarantor must procure that, Rollco must, adopt (if it has not already done so) the Rollco Constitution as its constitution, and must ensure that the Rollco Constitution remains the constitution of Rollco and is not amended without the consent of iProperty, before the issue of any New Rollco Shares to Scheme Shareholders in accordance with clause 5.6.

9.5 Allotment and issuance of shares in Bidco to Rollco

Subject to this Scheme becoming Effective, Bidco must, and the Bidder Entities (other than Bidco) must procure that Bidco:

- (a) before the issue of any New Rollco Shares to Scheme Shareholders in accordance with clause 5.6, allot and issue to Rollco such number of Bidco Shares equal to the number of New Rollco Shares which comprise the Aggregate Scrip Consideration (**Rollco Bidco Shares**);
- (b) issue the Rollco Bidco Shares on terms such that each such Rollco Bidco Share will rank equally in all respects with all existing Bidco Shares; and
- (c) ensure that each such Bidco Share is duly and validly issued in accordance with all applicable laws and the Bidco Constitution, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.

9.6 Shares in Bidco

Subject to this Scheme becoming Effective, Bidco must, and the Bidder Entities (other than Bidco) must procure that Bidco must, ensure that immediately before the issue of any New Rollco Shares to Scheme Shareholders in accordance with clause 5.6:

- (a) the maximum number of Bidco Shares on issue is 187,699,917 Bidco Shares held as follows:
 - (1) Rollco holding the Rollco Bidco Shares; and

- (2) Bidder holding Bidco Shares up to a number of Bidco Shares (**X**) calculated as follows:

$$X = 187,699,917 - \text{Rollco Bidco Shares};$$

- (b) the only shareholders in Bidco are Rollco and Bidder; and
- (c) Bidco has not issued, or agreed to issue, any other shares or securities or rights that may convert into shares or other securities.

9.7 Shares in Rollco

Subject to this Scheme becoming Effective, Rollco must, and the Bidder Entities (other than Rollco) must procure that Rollco must, ensure that immediately before the issue of any New Rollco Shares to Scheme Shareholders in accordance with clause 5.6:

- (a) the only security on issue in Rollco is one fully paid A-Class Share in Rollco held by Bidder or Bidder's Guarantor; and
- (b) Rollco has not issued, or agreed to issue, any other shares or securities or rights that may convert into shares or other securities, other than the Aggregate Scrip Consideration under this Scheme.

10 General

10.1 Stamp duty

Bidder will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under or in connection with this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 10.1(a).

10.2 Consent

Each of the Scheme Shareholders consents to Target doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Target or otherwise.

10.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Target, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Target's registered office or at the office of the Target Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Target Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

10.4 Governing law

- (a) This Scheme is governed by the laws in force in New South Wales, Australia.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

10.5 Further action

Target must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

10.6 No liability when acting in good faith

Each Scheme Shareholder agrees that neither Target nor the Bidder Entities nor REA Austin nor any director, officer, secretary or employee of any of Target, the Bidder Entities or REA Austin shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

Schedule 1

Definitions and interpretation

1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
A-Class Share	has the meaning given to that term in the Rollco Constitution.
Aggregate Cash Consideration	the aggregate amount of the cash component of the Scheme Consideration payable to Scheme Shareholders in accordance with clause 5.
Aggregate Scrip Consideration	the aggregate number of New Rollco Shares to be issued to Scheme Shareholders who make a valid Election, or are otherwise deemed to have validly Elected, Mixed Consideration, in accordance with clause 5.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
B-Class Share	has the meaning given to that term in the Rollco Constitution.
Bidco	Austin Bidco Pty Ltd ACN 609 050 393 of Level 3, 511 Church Street, Richmond VIC 3121, being a directly wholly-owned Subsidiary of Bidder.
Bidco Constitution	the constitution adopted, or to be adopted, by Bidco in the form agreed by Bidder and Target and initialled by Bidder and Target or their solicitors on their behalf for the purpose of identification.
Bidco Share	a fully paid ordinary share in the capital of Bidco.

Term	Meaning
Bidder	Realestate.com.au Pty Limited ABN 21 080 195 535 of Level 3, 511 Church Street, Richmond VIC 3121.
Bidder's Guarantor	REA Group Limited ABN 54 068 349 066 of Level 3, 511 Church Street, Richmond VIC 3121.
Bidder Group	collectively, Bidder's Guarantor, Bidder, Bidco, Rollco and each of its Related Bodies Corporate.
Bidder Entities	Bidder's Guarantor, Bidder, Bidco and Rollco.
Business Day	has the meaning given in the Listing Rules.
Cash Consideration	A\$4.00 cash for each Scheme Share held by a Scheme Shareholder.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Federal Court of Australia, New South Wales registry, or such other court of competent jurisdiction under the Corporations Act as agreed in writing between Bidder and Target.
Deed Poll	the deed poll to be entered into by Bidder's Guarantor, REA Austin, Bidder, Bidco and Rollco under which each of Bidder's Guarantor, REA Austin, Bidder, Bidco and Rollco covenant in favour of the Scheme Shareholders to perform the obligations attributed to Bidder's Guarantor, REA Austin, Bidder, Bidco and Rollco under this Scheme, substantially in the form of Attachment 1.
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.

Term	Meaning
Effective Date	the date on which this Scheme becomes Effective.
Election	has the meaning in clause 5.2(a).
Election Form	an election form for the purposes of a Target Shareholder (other than any Excluded Shareholder and Ineligible Foreign Shareholder) making an election for Mixed Consideration under clause 5.2(a).
Election Time	5.00pm on the day which is two Business Days prior to the Second Court Date, or such other time as Bidder and Target agree in writing.
End Date	means 2 May 2016 or such later date as Bidder and Target agree in writing.
Excluded Shareholder	any Target Shareholder who is a member of the Bidder Group or any Target Shareholder to the extent that, at the relevant time, it holds Target Shares on behalf of, or for the benefit of, any member of the Bidder Group.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal, statutory or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian. It also includes any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions (including ASIC and the Takeovers Panel) and any stock exchange (including ASX).
Implementation Date	the fifth Business Day after the Record Date, or such other date as Target and Bidder agree in writing.
Implementation Deed	the scheme implementation deed dated 1 November 2015 between Target, Bidder's Guarantor and Bidder relating to the implementation of this Scheme.
Ineligible Foreign Shareholder	a Scheme Shareholder whose address shown in the Target Share Register on the Record Date is a place outside Australia and its external territories, New Zealand, Malaysia, the United States or Singapore, unless Bidder determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New Rollco Shares.

Term	Meaning
Listing Rules	the official listing rules of ASX.
Maximum Cash Consideration	\$500,000,000.
Maximum Scrip Consideration	37,539,983 New Rollco Shares.
Mixed Consideration	the consideration determined in accordance with clause 5.4.
Mixed Cash Consideration	A\$1.20 cash for each Scheme Share held by a Scheme Shareholder.
Mixed Scrip Consideration	0.7 New Rollco Shares for each Scheme Share held by a Scheme Shareholder.
New Rollco Share	a fully paid B-Class Share in the capital of Rollco.
Operating Rules	the official operating rules of ASX.
REA Austin	REA Austin Pty Ltd ACN 600 588 305.
Record Date	7.00pm on the fifth Business Day after the Effective Date of the Scheme.
Registered Address	in relation to a Target Shareholder, the address shown in the Target Share Register as at the Record Date.
Rollco	a directly wholly-owned Subsidiary of Bidder's Guarantor.
Rollco Constitution	the constitution adopted, or to be adopted, by Rollco substantially in the form contained in Attachment 5.
Rollco Bidco Shares	has the meaning given in clause 9.5(a).

Term	Meaning
Rollco Register	the register of shareholders maintained by Rollco or its agent.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between Target and the Scheme Shareholders subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by Bidder and Target.
Scheme Booklet	the scheme booklet published by Target and dated 14 December 2015.
Scheme Condition Subsequent	has the meaning given in clause 4.3.
Scheme Consideration	for each Target Share held by a Scheme Shareholder as at the Record Date: <ol style="list-style-type: none"> 1 the Cash Consideration; or 2 the Mixed Consideration, subject to the terms of this Scheme.
Scheme Meeting	the meeting of the Target Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Share	a Target Share held by a Scheme Shareholder as at the Record Date.
Scheme Shareholder	a Target Shareholder (other than an Excluded Shareholder) as at the Record Date.
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Bidco as transferee, which may be a master transfer of all or part of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this Scheme is heard (or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard).

Term	Meaning
Share Sale Deed	the share sale deed entered into or proposed to be entered into between REA Austin, Bidder and Bidco substantially in the form of Attachment 2.
Shareholders' Deed	the shareholders' deed entered into or proposed to be entered into between Bidder's Guarantor, Bidder, Rollco and Bidco substantially in the form of Attachment 4.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Target	iProperty Group Limited ABN 99 126 188 538.
Target Registry	Boardroom Pty Limited ACN 003 209 836, Level 12, 225 George Street, Sydney, NSW, Australia 2000.
Target Share	a fully paid ordinary share in the capital of Target.
Target Share Register	the register of members of Target maintained by or on behalf of Target in accordance with the Corporations Act.
Target Shareholder	each person who is registered as the holder of one or more Target Shares in the Target Share Register.

2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Scheme;

- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or reenactments of any of them (whether passed by the same or another Government Agency with legal power to do so);
- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency;
- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney;
- (k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1 of this Schedule 1, has the same meaning when used in this Scheme;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;
- (n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (p) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (q) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (r) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (s) if an act prescribed under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day; and
- (t) a reference to the Listing Rules and the Operating Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.



Attachment 1

Deed Poll

[Please refer to Annexure 6 of this Scheme Booklet]



Attachment 2

Share Sale Deed

[Attached]

Share sale deed

Date ► _____ 2015

Parties: **REA Austin Pty Ltd** ACN 600 588 305 (**Seller**), **Austin Bidco Pty Ltd** ACN 609 050 393 (**Buyer**) and Realestate.com.au Pty Ltd ACN 080 195 535 (the **Subscriber**)

- (a) The Seller agrees to sell, and the Buyer agrees to buy, all shares held by the Seller in iProperty Group Limited ACN 126 188 538 (**IPP**) (**Sale Shares**), being an aggregate of 42,558,118 fully paid ordinary shares in IPP, for the Consideration Shares (as defined below).
- (b) In consideration for the sale of the Sale Shares, the Buyer will issue 42,558,118 new fully paid ordinary shares in itself (the **Consideration Shares**) to the Subscriber.
- (c) The Seller must sell the Sale Shares to the Buyer together with all rights attached to them as at the date of this deed and that accrue between the date of this deed and completion. Title to and risk in the Sale Shares passes to the Buyer on completion.
- (d) Completion shall occur at 9.00am (Sydney time) on the business day after the date on which the Scheme (as defined below) becomes Effective (as defined below). At completion the Seller shall deliver to the Buyer a duly executed transfer form in relation to the Sale Shares. For the purpose of this clause (c) the:
 - (1) 'Scheme' means the members' scheme of arrangement under Part 5.1 of the *Corporations Act 2001* (Cth) (**Act**) between IPP and its shareholders, under which the Buyer is to acquire all the shares in IPP (other than the Sale Shares); and
 - (2) 'Effective' means the coming into effect, under subsection 411(10) of the Act, of the order of the court made under paragraph 411(4)(b) of the Act in relation to the Scheme.
- (e) At Completion, the Buyer must:
 - (1) issue and allot the Consideration Shares to the Subscriber; and
 - (2) register the Subscriber as the holder of the Consideration Shares in the Buyer's register of members.
- (f) Upon the issue of the Consideration Shares, the Subscriber agrees to become a member of the Buyer and to be bound by the Buyer's constitution in respect of those Consideration Shares.
- (g) The Seller represents and warrants to the Buyer that it has the power and authority to transfer the Sale Shares to the Buyer.
- (h) The Seller agrees to pay all duty in respect of the execution, delivery and performance of this deed.
- (i) This deed is governed by the laws of New South Wales. Each party irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales.
- (j) Each party must do all things and execute all further documents necessary to give full effect to this deed.
- (k) This deed may be executed in any number of counterparts which together will constitute one instrument. A party may execute this deed by signing any counterpart.

Executed as a deed

Signed sealed and delivered by
REA Austin Pty Ltd ACN 600 588 305
by

sign here ► _____
Company Secretary/Director

print name _____

sign here ► _____
Director

print name _____

Signed sealed and delivered by
Realestate.com.au Pty Ltd ACN 080 195 535
by

sign here ► _____
Company Secretary/Director

print name _____

sign here ► _____
Director

print name _____

Signed sealed and delivered by
Austin Bidco Pty Ltd ACN 609 050 393 by

sign here ► _____
Company Secretary/Director

print name _____

sign here ► _____
Director

print name _____



Attachment 3

[Not used]



Attachment 4

Shareholders' Deed

[Please refer to Annexure 7 of this Scheme Booklet]



Attachment 5

Rollco Constitution

[Please refer to Annexure 8 of this Scheme Booklet]

Annexure 6

Deed Poll



HERBERT
SMITH
FREEHILLS

Deed

Share scheme deed poll

Realestate.com.au Pty Limited

REA Group Limited

REA Austin Pty Ltd

Austin Bidco Pty Ltd

Austin Rollco Limited



Share scheme deed poll

Date ▶ 7 December 2015

This deed poll is made

By **REA Group Limited**
ABN 54 068 349 066 of Level 3, 511 Church Street, Richmond VIC 3121
(Bidder's Guarantor)
Realestate.com.au Pty Limited
ABN 21 080 195 535 of Level 3, 511 Church Street, Richmond VIC 3121
(Bidder)
REA Austin Pty Ltd
ACN 600 588 305 of Level 3, 511 Church Street, Richmond VIC 3121
(REA Austin)
and
Austin Bidco Pty Ltd
ACN 609 050 393 of Level 3, 511 Church Street, Richmond VIC 3121
(Bidco)
and
Austin Rollco Limited
ACN 609 413 505 of Level 3, 511 Church Street, Richmond VIC 3121
(Rollco)

in favour of each person registered as a holder of fully paid ordinary shares in Target in the Target Share Register as at the Record Date (other than the Excluded Shareholders).

Recitals

1. Target, Bidder's Guarantor and Bidder entered into the Implementation Deed.
2. In the Implementation Deed, Bidder agreed to make this deed poll and to procure that Bidder's Guarantor, REA Austin, Bidco and Rollco make this deed poll.
3. Bidder's Guarantor, Bidder, REA Austin, Bidco and Rollco are making this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform their obligations under the Implementation Deed and the Scheme.

This deed poll provides as follows:



1 Definitions and interpretation

1.1 Definitions

- (a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act directing Target to convene the Scheme Meeting is heard (or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard).
Implementation Deed	the scheme implementation deed dated on or about 1 November 2015 between Target, Bidder's Guarantor and Bidder relating to the implementation of the Scheme.
Liability	a debt, liability and obligation, whether actual, prospective, contingent or otherwise and whether or not ascertained, and whether or not owing or incurred alone, or jointly and severally, with any other person.
Option	has the meaning given to it in the Rollco Constitution.
Rollco Constitution	means the constitution of Rollco.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Target and the Scheme Shareholders, the form of which is set out in Attachment 1, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by Bidder and Target.
Shareholders' Deed	means the shareholders' deed between the Bidder's Guarantor, the Bidder, Bidco and Rollco dated 7 December 2015.

- (b) Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.



1.2 Interpretation

Sections 2, 3 and 4 of Schedule 1 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

The Bidder Entities and REA Austin acknowledge that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Target and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against the Bidder Entities and REA Austin.

2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of the Bidder Entities and REA Austin under this deed poll (in each case, save for the obligations under clause 3.2) are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of the Bidder Entities and REA Austin under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms;
- (b) the Scheme is not Effective on or before the End Date; or
- (c) the Scheme Condition Subsequent occurs and Bidder does not waive such breach on or before the date that is 2 Business Days after the Record Date, unless Bidder and Target otherwise agree in writing.

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) the Bidder Entities and REA Austin are released from their obligations to further perform this deed poll except those obligations under clause 7.1; and
- (b) each Scheme Shareholder retains the rights they have against the Bidder Entities and REA Austin in respect of any breach of this deed poll which occurred before it was terminated.



3 Scheme obligations

3.1 Undertaking to be bound by the Scheme

Subject to clause 2, each of the Bidder Entities and REA Austin undertakes in favour of each Scheme Shareholder that it will be bound by the terms of the Scheme as if it is a party to the Scheme and undertakes to perform all obligations and actions attributed to it under the Scheme, subject to and in accordance with the terms of the Scheme.

3.2 Undertaking to be bound by Implementation Deed

Each of the Bidder and Bidder's Guarantor undertake in favour of each Target Shareholder to perform all obligations and actions attributed to it under the Implementation Deed, subject to and in accordance with the terms of the Implementation Deed.

3.3 Undertaking to pay Scheme Consideration

- (a) Subject to clause 2, but without limiting clause 3.1, each of the Bidder Entities undertakes in favour of each Scheme Shareholder to provide, or procure the provision of the Scheme Consideration to each Scheme Shareholder, subject to and in accordance with the terms of the Scheme.
- (b) The Bidder and the Bidder's Guarantor each undertake in favour of each Scheme Shareholder who has validly elected to receive Mixed Consideration, to pay or procure the payment of any monies owing to each such Scheme Shareholder (or to any transferee of their New Rollco Shares) upon the exercise of an Option, subject to and in accordance with the terms of the Rollco Constitution and the Shareholders' Deed.

3.4 New Rollco Shares to rank equally

Without limiting clause 3.1, Bidder and Rollco covenant in favour of each Scheme Shareholder that the New Rollco Shares which are issued to each Scheme Shareholder in accordance with the Scheme will:

- (a) rank equally in all respects with all existing New Rollco Shares; and
- (b) be duly and validly issued in accordance with all applicable laws and the Rollco Constitution, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except for any lien arising under the Rollco Constitution).

4 Warranties

- (a) Each of the Bidder Entities and REA Austin represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:
 - (1) it is a corporation validly existing under the laws of its place of registration;
 - (2) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;



- (3) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
 - (4) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
 - (5) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.
- (b) Each of the Bidder Entities represents and warrants in favour of each Scheme Shareholder that, immediately prior to implementation of the Scheme, each of Bidco and Rollco:
- (1) does not Control any entity;
 - (2) is not the legal or beneficial owner of any shares or capital in any body corporate (wherever incorporated);
 - (3) is not a member of any incorporated or unincorporated joint venture, partnership or other unincorporated association (other than a recognised trade association);
 - (4) has not commenced trading;
 - (5) does not own any assets and does not have any Liabilities; and
 - (6) has not given any guarantee or granted any powers of attorney,
- in each case, other than as expressly contemplated in this deed poll or the Scheme.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) the Bidder Entities and REA Austin have fully performed their obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to the Bidder Entities and REA Austin in accordance with the details set out below (or any alternative details nominated by Bidder Entities and REA Austin by Notice).



Attention	Tracey Fellows/Sarah Turner
Address	Level 3, 511 Church Street, Richmond VIC 3121
Email address	tracey.fellows@rea-group.com / sarah.turner@rea-group.com

6.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By fax to the nominated fax number	At the time indicated by the sending party's transmission equipment as the time that the fax was sent in its entirety. However, if the recipient party informs the sending party within 4 hours after that time that the fax transmission was illegible or incomplete, then the Notice will not be regarded as given or received. When calculating this 4 hour period, only time within a business hours period is to be included.
By email to the nominated email address	When the email (including any attachment) comes to the attention of the recipient party or a person acting on its behalf.

6.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than fax and email as permitted in clause 6.2).



7 General

7.1 Stamp duty

Bidder:

- (a) will pay all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under the Scheme and this deed poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

- (a) This deed poll is governed by the law in force in New South Wales, Australia.
- (b) The Bidder Entities and REA Austin irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. The Bidder Entities and REA Austin irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

7.3 Waiver

- (a) The Bidder Entities and REA Austin may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) No Scheme Shareholder may rely on words or conduct of the Bidder Entities and REA Austin as a waiver of any right unless the waiver is in writing and signed by the Bidder Entities and REA Austin, as appropriate.
- (c) The meanings of the terms used in this clause 7.3 are set out below.

Term	Meaning
conduct	includes a failure or delay in the exercise or partial exercise of a right.
right	any right arising under or in connection with this deed poll and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

7.4 Variation

A provision of this deed poll or any right created under it may not be varied unless:

- (a) if before the First Court Date, the variation is agreed to by Target; or



- (b) if on or after the First Court Date, the variation is agreed to by Target and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event the Bidder Entities and REA Austin will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.5 Cumulative rights

The rights, powers and remedies of the Bidder Entities and REA Austin and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.6 Assignment

- (a) The rights created by this deed poll are personal to the Bidder Entities and REA Austin and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of Bidder.
- (b) Any purported dealing in contravention of clause 7.6(a) is invalid.

7.7 Joint and several obligations

The Bidder Entities and REA Austin (as relevant) are jointly and severally liable for each obligation imposed on two or more of them by the terms of this deed poll.

7.8 Further action

The Bidder Entities and REA Austin must, at their own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.



Attachment 1

Scheme

[Attached]



Signing page

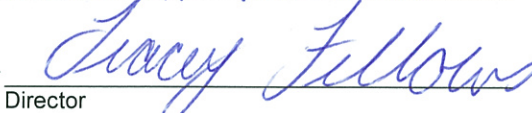
Executed as a deed poll

Bidder's Guarantor

Signed sealed and delivered by
REA Group Limited
by

sign here ▶ 
Company Secretary/Director

print name SARAH TURNER

sign here ▶ 
Director

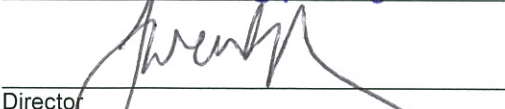
print name TRACEY FELLOWS

Bidder

Signed sealed and delivered by
Realestate.com.au Pty Limited
by

sign here ▶ 
Company Secretary/Director

print name SARAH TURNER

sign here ▶ 
Director

print name OWEN WILSON



REA Austin

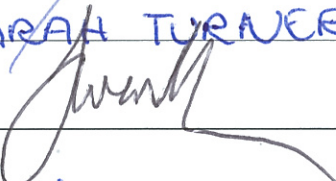
Signed sealed and delivered by

REA Austin Pty Ltd

by

sign here ► 
Company Secretary/Director

print name SARAH TURNER

sign here ► 
Director

print name OWEN WILSON

Bidco

Signed sealed and delivered by

Austin Bidco Pty Ltd

by

sign here ► 
Company Secretary/Director

print name SARAH TURNER

sign here ► 
Director

print name TRACEY FELLOWS



Rollco

Signed sealed and delivered by
Austin Rollco Limited

by

sign here ▶

Company Secretary/~~Director~~

print name

SARAH TURNER

sign here ▶

Director

print name

HENRY RUIZ

Annexure 7

Shareholders' Deed

Shareholders' deed

realestate.com.au Pty Limited

Austin Rollco Limited

Austin Bidco Pty Ltd

REA Group Limited

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Date: 7 DECEMBER 2015

Parties

- 1 **realestate.com.au Pty Limited** ACN 080 195 535 of 511 Church Street Richmond, Victoria 3121 (**REA**)
 - 2 **Austin Rollco Limited** ACN 609 413 505 of 511 Church Street Richmond, Victoria 3121 (**RollCo**)
 - 3 **Austin Bidco Pty Ltd** ACN 609 050 393 of 511 Church Street Richmond, Victoria 3121 (**Company**)
 - 4 **REA Group Limited** ACN 068 349 066 of 511 Church Street Richmond, Victoria 3121 Australia (**Guarantor**)
-

Background

- A The Company was incorporated in Victoria, Australia on 30 October 2015.
- B The Company proposes to acquire, pursuant to the Scheme, a majority of the shares in the Target.
- C Immediately following Implementation, the Shares will be held as set out in Schedule 2 (**Shares**).
- D In consideration for the Company providing REA and RollCo with the opportunity to subscribe for Shares pursuant to the Scheme, the Relevant Covenantors have agreed, or may in the future agree, to give the undertakings in clause 22 (**Competition**) of this deed.
- E The parties have agreed that the Group should be managed, controlled and financed on the terms set out in this deed.
- F The Guarantor has agreed to guarantee the obligations of REA under this deed and the RollCo Constitution.

The parties agree

1 Defined terms and interpretation

1.1 Definitions in the Dictionary

A capitalised term or expression:

- (a) which is defined in the Dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary;
- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act; and
- (c) which is defined in the GST Law, but is not defined in the Dictionary or the Corporations Act, has the meaning given to it in the GST Law.

1.2 Interpretation

The interpretation clause in Schedule 1 (**Dictionary**) sets out rules of interpretation for this deed.

2 The Company and the conduct of the Business

2.1 Nature of Business

The business of the Company, or in the case of a Group, the Group (**Business**) is conducting, managing and promoting an online property listings business in the Territory.

2.2 Conduct of Business

The Company must ensure that the Group conducts its Business in accordance with the Budget applicable or adopted under clause 11 (**Budget**).

2.3 Transactions between Company and Shareholders

Subject to clause 23.3(a) (**Resolution of Deadlock in respect of a Category B Board Approval Matter (Disputed Acquisition, Project or Change)**) and clause 24 (**Events of default**) the Company may only enter into a Transaction with a Shareholder or with a Related Party or Affiliate of a Shareholder if that Transaction is on arms' length commercial terms and, in the absence of any other aspect of the Transaction requiring approval under either clause 4 (**Company conduct that requires special Shareholder approval**) or clause 7.2 (**Company conduct that requires special Board approval**), such Transaction cannot be vetoed pursuant to clause 7.2 (**Company conduct that requires special Board approval**).

2.4 No compulsory acquisition

For so long as RollCo is a Shareholder, REA will not exercise any rights which it may have under law from time to time to compulsorily acquire RollCo's Shares.

3 Management of the Company by the Board

3.1 Composition of the Board

The Board consists of:

- (a) Subject to clause 8.2, a minimum of 3 Directors and a maximum of 7 Directors (or such other number as the Board may determine from time to time) appointed under clause 8 (**Number of Directors and appointment**); and
- (b) a Chairman appointed under clause 5.3 (**Appointment of Chairman**).

3.2 Delegation of management by the Board

The Board may establish one or more committees of the Board (such as audit, compensation, nomination or executive committees), which committee must include a Director appointed by each of REA and RollCo.

3.3 Alteration or revocation of delegation

The Board may in its absolute discretion amend, revoke or replace any delegation it has made.

3.4 Subsidiaries

Each Shareholder's rights under clauses 4 to 8.6 (inclusive) apply equally to any Group Company as they do to the Company under this deed.

4 Decisions of Shareholders

4.1 Company conduct that requires special Shareholder approval

In addition to any requirements under the Corporations Act, the Company or any Group Company must not do anything specified in Part 2 of Schedule 3 (**Company conduct – special approval**) unless it is approved by Unanimous Resolution of Shareholders.

5 Meetings of the Board

5.1 Directors' meetings

The Company must convene a meeting of the Board at least 10 times in each Financial Year.

5.2 Quorum for Board meeting

- (a) The quorum for a meeting of the Board is 2 Directors, one of whom is a Director appointed by REA and the other being a Director appointed by RollCo.
- (b) If a quorum is not present at a meeting of the Board, the meeting must be adjourned to the same time and place not more than 5 Business Days later.
- (c) The quorum at any reconvened meeting of the Board must include a Director appointed by REA and a Director appointed by RollCo.

5.3 Appointment of Chairman

The Board, by an Ordinary Resolution, must appoint and remove or replace a Chairman from among the Directors appointed under clause 8 (**Number of Directors and appointment**).

5.4 Absence of Chairman

Subject to clause 5.2 (**Quorum for Board meeting**), if the Chairman (or alternate Chairman) is not present at a meeting of the Board within 15 minutes of the meeting's start time or is unwilling to act as Chairman, the Directors who are present at the meeting may elect one of themselves to act as Chairman of that meeting.

5.5 Notice of meetings

- (a) The Company must give each Director at least 5 Business Days prior notice of a meeting of the Board unless all Directors agree otherwise.

- (b) The Board may only pass a resolution on a matter at a meeting of the Board if notice of the general nature of the matter is included in the notice of that meeting, unless otherwise agreed by all Directors.

5.6 Proceedings

- (a) A meeting of the directors may be held using any technology reasonably requested by any directors (**Approved Technology**). The contemporaneous linking together by Approved Technology of a number of the directors sufficient to constitute a quorum, constitutes a meeting of the directors and all the provisions in this deed relating to meetings of the directors apply, so far as they can and with such changes as are necessary, to meetings of the directors by Approved Technology.
- (b) A director participating in a meeting by Approved Technology is to be taken to be present in person at the meeting.
- (c) If, before or during the meeting, any technical difficulty occurs as a result of which one or more directors cease to participate, the meeting must be adjourned if a quorum ceases to be present until the difficulty is remedied.

6 Voting entitlements of Directors

At a meeting of the Board:

- (a) each Director is entitled to the number of votes equal to the aggregate number of Shares held by his or her respective Appointing Shareholder(s). If more than one Director has been appointed by the same Shareholder, the votes are to be shared equally between the applicable Directors present at the meeting of the Board that have been appointed by the same Shareholder; and
- (b) the Chairman does not have a casting vote.

7 Decisions of the Board

7.1 Board resolutions

Subject to clauses 4 (**Decisions of Shareholders**) and 7.2 (**Company conduct that requires special Board approval**), the Company must not do or commit to do and must procure that no Group Company does or commits to do, and the parties must use all voting rights and any other powers of control available to them (whether as a Shareholder, through a Director or otherwise) to procure that the Company does not do, or commit to do, and no Group Company does or commits to do, any action or undertaking without approval by Ordinary Resolution.

7.2 Company conduct that requires special Board approval

For so long as RollCo has appointed, or is entitled to appoint, 2 Directors to the Board, the Company must not and must ensure that each other Group Company does not, take any action listed in Part 1 of Schedule 3 (**Company conduct – special approval**) unless it is approved by Unanimous Resolution of Directors.

8 Number of Directors and appointment

8.1 Number of Directors

Subject to the Corporations Act and clause 8.2 (**Right to appoint Directors**), the minimum number of directors is 3 and the maximum number of Directors is 7 or any other number the Board may determine by an Ordinary Resolution from time to time.

8.2 Right to appoint Directors

Each Shareholder (**Appointing Shareholder**) listed in this clause may, in its absolute discretion, appoint the number of Directors specified:

- (a) for so long as REA holds 50% or more of the Shares, a minimum of 4 Directors or such higher number if necessary to represent a majority of Directors on the Board from time to time; and
- (b) for so long as the B-Class Shareholders collectively hold:
 - (i) 50% or more of RollCo's issued share capital, RollCo may appoint 2 Directors; and
 - (ii) less than 50% of RollCo's issued share capital, RollCo may appoint 1 Director.

8.3 Alternate Directors

- (a) Each Director may appoint an alternate Director from time to time. The alternate Director may attend any meeting of the Directors at which his or her appointing Director is not present.
- (b) An alternate Director is entitled to a separate vote for each Director that he or she represents in addition to any vote that he or she has as a Director.

8.4 Method of appointment

The appointment of a Director takes effect when the Appointing Shareholder or, in the case of an alternate Director, the appointing Director, gives written notice to the Company of the appointment.

8.5 Limit on Appointing Shareholder

In carrying out its functions a Director may take into account its Appointing Shareholder's interests only to the extent permitted by law.

8.6 Subsidiaries

The provisions of this clause 8 apply to each Group Company with all necessary changes, so that:

- (a) the Shareholders have the same rights of appointment to the board of directors of the Group Companies as they have to the Board pursuant to this deed; and
- (b) the quorum necessary for any meeting of the board of any Group Company will be two, at least one of whom is a Director appointed by REA and the other being a Director appointed by RollCo.

9 Removal of directors

- (a) A Director may be removed:
 - (i) by his or her Appointing Shareholder;
 - (ii) by operation of law; or
 - (iii) otherwise under this deed,by delivery of a written notice to the Company.
- (b) An Appointing Shareholder must remove any Director it has appointed no more than 5 Business Days after any of the following events:
 - (i) that Appointing Shareholder ceases to be a Shareholder or ceases to be entitled to appoint a Director under clause 8.2 (**Right to appoint Director**); or
 - (ii) an Event of Default under clause 24.1(a)(i) or clause 24.1(a)(vii) occurs in relation to the Appointing Shareholder.
- (c) An Appointing Shareholder may reappoint any Director which was removed under clause 9(b) (or otherwise appoint such number of directors as it is entitled to under clause 8) if that Appointing Shareholder regains its voting rights pursuant to clause 24.2.

10 Remuneration of a Director

10.1 Directors' remuneration

- (a) The Company must pay each Director reasonable out-of-pocket expenses incurred by the Director in attending any meeting of the Board, in carrying out his or her duties as a Director or in carrying out authorised business of any Group Company, provided the Director gives to the Company a valid tax invoice in respect of those out-of-pocket expenses.
- (b) Directors are not otherwise to receive any remuneration in respect of their office as Director.

11 Budget

11.1 Initial Budget

The Company must conduct the Business in accordance with the Initial Budget, until the Board approves a subsequent Budget under clause 11.2 (**Subsequent Budgets**).

11.2 Subsequent Budgets

The Company must consider and seek to adopt subsequent Budgets as follows:

- (a) at least 2 months before the beginning of each Financial Year, the senior management team of the Company must submit a draft Budget for the Company for that Financial Year; and

- (b) the Board must consider the draft Budget and must seek to, pursuant to clause 7.2, **(Company conduct that requires special Board approval)** adopt a Budget at least 1 months before that Financial Year begins.

11.3 Board fails to adopt Budget

Subject to clause 23.2 (**Resolution of Deadlock in respect of a Category A Board Approval Matter**), if the Board fails to adopt a Budget under clause 11.2 (**Subsequent Budgets**), the Board and the Company must conduct the Business in accordance with the previous Financial Year's Budget, except that:

- (a) any item in the Budget which has been separately approved by the Board pursuant to clause 7.2 replaces that item in the previous Financial Year's Budget;
- (b) any item in the Budget which the Board has determined, pursuant to clause 7.2, applies only to the previous Financial Year is excluded; and
- (c) subject to clause 11.3(b), any other item in the previous Financial Year's Budget is adjusted by multiplying the amount shown for that item in the previous Financial Year's Budget by the CAGR for that item over the previous two Financial Years.

11.4 Amendment of Budget

Subject to clause 7.2 (**Company conduct that requires special Board approval**), the Board may amend a Budget at any time.

12 Information and reporting obligations

12.1 Company must give Directors information about Business

- (a) The Company must give each Director access to the financial reports and information about the Business listed in Schedule 4 (**Financial reporting**) at the times specified in Schedule 4 (**Financial reporting**).
- (b) A Director may provide information they receive from the Company to their Appointing Shareholder.

12.2 Information on request

If a Director gives the Company a written request with at least 2 Business Days' notice for further information for the purpose of auditing or valuing the Company or for any other reasonable purpose, the Company must:

- (a) allow that Director to:
 - (i) inspect the Company's property or business records;
 - (ii) take copies of the Company's business records;
 - (iii) discuss the affairs, finances and accounts of the Company with the Officers, employees and auditor of the Company; and
 - (iv) use reasonable endeavours to procure any Group Company to provide the same access to information about the Group; and

- (b) give to that Director information as requested to enable the Director to give any required information to a Government Agency.

12.3 Quarterly meetings

Following provision of quarterly accounts to Directors pursuant to this clause 12, if requested in writing by any Director appointed by RollCo, the Directors must meet to discuss whether any adjustments under Schedule 2 of the RollCo Constitution may be required to be made in preparation of the draft statement setting out the First Option Exercise Price or the Second Option Exercise Price pursuant to rule 7.2 of the RollCo Constitution.

13 Financing of the Group

13.1 Group Working Capital Facility

Notwithstanding clause 13.2 (**Additional funding requirements of the Group**), REA will at all relevant times satisfy its obligations under the Group Working Capital Facility.

13.2 Additional funding requirements of the Group

The funding required by the Group for the purposes of operating or expanding the Business as set out in the then-current Budget will be provided from the following sources (in each case, only to the extent that the Board determines, acting reasonably, that such funding cannot be satisfied from the preceding sources):

- (a) first, out of the unused or unallocated cash reserves of the Group;
- (b) secondly, by way of debt finance from a Third Party on the best reasonably available commercial terms; and
- (c) thirdly, by way of debt and/or equity capital raised in accordance with clauses 14 (**Debt funding from Shareholders**) and 15 (**Equity funding from Shareholders**),

but subject to approval by Shareholders or the Board (as applicable) in accordance with clause 4 (**Decisions of Shareholders**) or 7 (**Decisions of the Board**) and subject to clause 16 (**Other permitted equity funding**).

13.3 No undertaking from Shareholders

Except as contemplated by clause 13.1 (**Group Working Capital Facility**), nothing in this deed constitutes an undertaking by a Shareholder:

- (a) to make any loan or give any other financial accommodation to or for the benefit of the Company or any Group Company;
- (b) to give any guarantee or indemnity in respect of any obligation or liability of the Company or any Group Company; or
- (c) to acquire any Securities of the Company or any Group Company.

14 Debt funding from Shareholders

- (a) Any Shareholder Debt provided to a Group Company will be on arm's length commercial terms and shall rank at all times pari passu as between the providers

of the debt and shall be offered at all times pro rata between Shareholders (including with respect to any drawdown, payment of interest or repayment of principal) by reference to their Relevant Proportion at that time.

- (b) Any Shareholder Debt offered to RollCo may be, at the election of RollCo, provided by any holder of 20% or more of the B-Class Shares on issue in RollCo.
- (c) Shareholder Debt must not be convertible into Shares.
- (d) For the avoidance of doubt, any voluntary repayment of Shareholder Debt may only be made on a pro rata basis to all persons providing Shareholder Debt.

15 Equity funding from Shareholders

15.1 Pro rata offer to Shareholders

Subject to clause 4 (**Decisions of Shareholders**) and clause 16.1(b), the Company may issue, or procure the issue of, Shares in the Company (**Additional Securities**), on the terms set out in this clause 15.

15.2 Basis of issue

The Company must ensure that the issue is conducted on the following basis:

- (a) the Company must serve notice on each Shareholder (**Issue Notice**) specifying the:
 - (i) type of Additional Securities to be offered and the terms of issue;
 - (ii) issue price per new Additional Security (which must be market value);
 - (iii) total number of new Additional Securities to be issued;
 - (iv) number of new Additional Securities for which the Shareholder would need to subscribe to maintain its Relevant Proportion; and
 - (v) the date on which subscription monies for the new Securities must be paid to the Company (being not less than 10 Business Days after the date of the Issue Notice) (**Initial Acceptance Period**);
- (b) the issue must be for cash and each Shareholder is entitled to apply for its Relevant Proportion of the amount of equity funding proposed to be raised;
- (c) in the event a Shareholder does not take up its entitlement within the Initial Acceptance Period (**Non-contributing Shareholder**), the Company must give notice (**2nd Notice**) to the other Shareholder (**Contributing Shareholder**) and offer the Contributing Shareholder the opportunity to apply (by no later than 10 Business Days after the date of the 2nd Notice) for those Securities that are not taken up by the Non-Contributing Shareholder;
- (d) If there is still any shortfall after the Contributing Shareholder has applied for additional Shares under clause 15.2(c), the Company may issue Additional Securities to any Third Party approved by the Board by Unanimous Resolution within 60 Business Days of the date of service of the Issue Notice on terms no more beneficial to the subscriber than those set out in the Issue Notice; and

- (e) if the Company does not issue the Additional Securities within 60 Business Days of the date of service of the Issue Notice, it may not issue Additional Securities without first complying again with clause 15.2.

15.3 Issue of securities in RollCo

If it is proposed that Shares in the Company be issued to RollCo pursuant to this clause 15, the parties will negotiate in good faith to agree the terms on which a corresponding issue of debt or equity in RollCo to B-Class Shareholders will occur such that RollCo has the necessary funding to subscribe for shares in the Company. Such negotiations shall include negotiation of appropriate amendments to the put and call regime set out in the RollCo Constitution to facilitate the sale to the A-Class Shareholder (as defined in the RollCo Constitution) of any additional securities issued by RollCo to the B-Class Shareholders.

16 Other permitted equity funding

16.1 Issue

The Company may issue Shares if the issue is approved by the Board by Ordinary Resolution and is:

- (a) **(consent)** on such terms as may be approved by a Unanimous Resolution from the Shareholders from time to time; or
- (b) **(emergency funding)** to a Shareholder (**Funding Shareholder**), if the Board determines (acting reasonably) that an injection of funds:
 - (i) is appropriate in order to ensure that a Group Company does not breach (or ceases to breach) a covenant or condition of its external finance facilities;
 - (ii) is otherwise required by its external financiers; or
 - (iii) is necessary to ensure that the Company or a Group Company does not become insolvent,

provided that:

- (iv) the Shares are issued at a price per Share being not higher than the Base Amount; and
- (v) the Shareholder who is not the Funding Shareholder (**Non-Funding Shareholder**) has an opportunity thereafter to participate for its pro-rata share of the funding requirement by having the Funding Shareholder transfer to it, for the issue price, its pro-rata share of the Shares issued. The Funding Shareholder must offer the relevant Shares for transfer within 10 days of their issue and the Non-Funding Shareholder has 60 days in which to purchase those Shares.

16.2 Issue of corresponding securities in RollCo

- (a) In the event that RollCo may purchase or be issued Shares pursuant to this clause 16, RollCo must seek to issue (and all parties consent to the issue of, provided that the terms of the A-Class Shares or the B-Class Shares are not varied other than in accordance with the RollCo Constitution and the Shareholders' Deed) further B-

Class Shares to each Substantial Shareholder of RollCo who does not require disclosure under Chapter 6D of the Corporations Act.

- (b) If by law RollCo is prevented from issuing B-Class Shares pursuant to clause 16.2(a) or any Substantial Shareholder is prevented from subscribing for such B-Class Shares, RollCo must seek to issue B-Class Shares in a way which is not prohibited by law and the other parties must provide such assistance as is reasonably requested by RollCo to facilitate this.

17 Dividend

Subject to any applicable laws and restrictions set out in any financing documents to which the Company may be a party from time to time, the Board may, in its sole discretion, determine whether to declare or pay any dividend, and the amount of any dividend.

18 General obligations regarding Shares

18.1 No Transfer of or Dealing with Shares

- (a) A Shareholder must not Transfer or Deal with any Shares other than in accordance with clause 18.2.
- (b) The Company must not register any Transfer of Shares in breach of clause 18.1(a).

18.2 Transfer of Shares generally

A Shareholder must not Transfer any of its Shares other than:

- (a) in accordance with:
 - (i) clause 19 (**Permitted Transfer**); or
 - (ii) clause 20 (**Pre-emptive rights**); or
- (b) with the prior written consent of the other Shareholder; or
- (c) if the Shareholder is RollCo, RollCo is controlled by the B-Class Shareholders and the Option Completion Date in respect of the Call Option and Second Put Option (as each is defined in the RollCo Constitution) has passed without REA paying the consideration it is required to pay for all B-Class Shares to be transferred pursuant to those options, and has failed to remedy such failure within 10 Business Days of RollCo issuing REA with written notice to do so.

18.3 Effect of Transfer on application of this deed

A Shareholder must not Transfer a Share to any person who has not, before the Transfer, agreed in writing to be bound by this deed under a Deed of Accession.

18.4 Company's obligations in relation to Share Transfer

- (a) If a Shareholder Transfers its Shares to a person in accordance with the Constitution and this deed:

- (i) the Company must register that transaction as soon as possible after receiving the proper instrument of transfer, duly executed;
 - (ii) the parties must perform their obligations under this deed in relation to the transferee as if that person were a party to this deed; and
 - (iii) unless this deed or the Constitution otherwise provides, that person is entitled to the same rights and assumes the same obligations under this deed as were enjoyed or suffered by the transferring Shareholder, to the exclusion of the transferring Shareholder, except rights arising from the number of Shares still held by the transferring Shareholder.
- (b) Despite any provision in the Constitution, the Company must not register, and must procure that each relevant Group Company does not register, a transaction referred to in clause 18.4(a) if the transferring Shareholder did not Transfer its Shares in accordance with this deed and the Constitution.

18.5 Dealing with a Share

- (a) Subject to clause 18.5(b), a Shareholder must not create a Security Interest in favour of any person in relation to a Share unless:
- (i) that person has executed a deed poll in favour of all parties to this deed, on terms reasonably satisfactory to the other Shareholder, under which that person agrees to comply with this clause 18 (**General obligations regarding Shares**) as if that person were a Shareholder; and
 - (ii) all other Shareholders have given their prior written consent to the creation of that Security Interest.
- (b) RollCo or any Substantial Shareholder of RollCo may permit a Security Interest to exist over RollCo's Shares, or that Substantial Shareholder's shares in RollCo, respectively, provided that the terms of any such Security Interest:
- (i) are disclosed to the Company in writing prior to the Security Interest being granted in favour of its beneficiary;
 - (ii) only give the beneficiary of the Security Interest the right to give notice to dispose of, and dispose of, Shares or shares in RollCo (as applicable) in accordance with this deed and the RollCo Constitution (as applicable);
 - (iii) do not permit the beneficiary of the Security Interest to exercise any rights with respect to the voting, governance or any other control of the Company or RollCo at any time;
 - (iv) are supported solely by a limited power of attorney granted in favour of the relevant beneficiary to permit that beneficiary to give notice to dispose of, and dispose of, Shares or shares in RollCo (as applicable); and
 - (v) provide that the relevant Security Interest is automatically discharged and released immediately upon exercise by the beneficiary in accordance with this clause 18.5(b).

19 Permitted Transfer

19.1 Transfer of all Shares only

A Shareholder who wishes to Transfer any of its Shares under this clause 19 (**Permitted Transfer**) may Transfer all, but not some only, of its Shares in accordance with this clause 19 (**Permitted Transfer**).

19.2 Permitted Transfer

A Shareholder may Transfer its Shares in accordance with this clause 19 (**Permitted Transfer**) to a Permitted Transferee of that Shareholder provided that, in the case of REA, the Guarantor's obligations under this deed continue in full force and effect or are otherwise assumed by an entity of equivalent financial substance to the Guarantor.

19.3 Permitted Transferee ceases to be Permitted Transferee

If a Shareholder to whom Shares were Transferred under clause 19.2 (**Permitted Transfer**) then ceases to be a Permitted Transferee:

- (a) that Shareholder must immediately take all steps necessary to Transfer those Shares under this clause 19 (**Permitted Transfer**) to a Permitted Transferee in respect of the initial Shareholder; and
- (b) the rights attaching to a Share are suspended until that Share has been Transferred in accordance with paragraph (a).

20 Pre-emptive rights

20.1 Transfer of all Shares only

A Seller who wishes to Transfer Shares may Transfer all of its Shares, but not some of its Shares, in accordance with this clause 20 (**Pre-emptive rights**).

20.2 Seller must give Transfer Notice

A Seller wishing to Transfer Shares under this clause 20 (**Pre-emptive rights**) must first give to the other Shareholder (**Offeree**) a written offer in respect of its Shares (**Transfer Notice**) which includes the following information:

- (a) the number of Shares proposed to be Transferred by the Seller (being all of the Seller's Shares);
- (b) the purchase price for each Sale Share, expressed in Australian Dollars (**Specified Price**); and
- (c) all other terms of the proposed Transfer of the Sale Shares, if any.

20.3 Response to Transfer Notice

- (a) Within 30 Business Days after service of a Transfer Notice, the Offeree must give written notice to the Seller (with a copy to the Board) stating whether it accepts all or a specified number of Sale Shares referred to in the offer made to it in the Transfer Notice, or rejects in full the offer made to it in the Transfer Notice.

- (b) If the Offeree does not give notice to the Seller within the period specified in clause 20.3(a), the Offeree is taken to have rejected the offer made to it in the Transfer Notice.

20.4 If Offeree agrees to buy all Sale Shares

If the Offeree agrees to buy all Sale Shares the subject of the Transfer Notice, completion of the sale must occur by no later than 35 Business Days after the Transfer Notice, upon which the Offeree must buy and the Seller must sell the Sale Shares the subject of the relevant Transfer Notice at the Specified Price.

20.5 If Offeree does not buy all Sale Shares

If the Offeree does not agree to buy all Sale Shares under clause 20.4 the Seller must serve on the Offeree notice stating that:

- (a) it withdraws the offer contained in the Transfer Notice; or
- (b) it wants to proceed with the sale of the Sale Shares:
 - (i) to the Offeree for the number of Sale Shares accepted under clause 20.3(a), in which case the Offeree must buy and the Seller must sell, within 5 Business Days after the Offeree receives the notice, at the Specified Price the number of Sale Shares the accepting Offeree agreed to buy under clause 20.3(a); and
 - (ii) to a Third Party for the remainder of the Sale Shares in accordance with clause 20.6.

20.6 Sale to Third Party

Subject to clause 21, if the Seller serves a notice under clause 20.5(b)(ii), the Seller may, subject to receipt of prior written consent from the Board (such consent not to be unreasonably withheld or delayed) and clause 20.7 (**Approval by Offeree**), sell those Sale Shares that are not Transferred to the Offeree under clause 20.5(b)(i) (**Remaining Shares**) to a Third Party. Any sale of Remaining Shares to a Third Party under this clause 20.6:

- (a) may be at any time within 60 Business Days after serving the Transfer Notice; and
- (b) must be at a price per Sale Share not less than the Specified Price and on terms no more favourable to the Third Party buyer or buyers than those offered to the Offeree.

20.7 Approval by Offeree

The Offeree and the Board will each have the right, acting reasonably, to reject any Transfer of Shares to a Third Party under clause 20.6 by providing written notice to the Board or the Seller if the proposed Third Party is not of good standing, good repute and financial substance, and the Board must not register any such Transfer upon delivery of written notice by the Offeree under this clause 20.7.

21 Tag-along rights

21.1 Transfer to Third Party with tag-along rights

- (a) REA is permitted to Transfer Sale Shares to a Third Party under clause 20.6 provided it complies with this clause 21.
- (b) For the purposes of this clause 21, a reference to a Transfer of Shares means a Transfer of any Shares by a Seller to a Third Party (other than News Corporation or any of its direct or indirect Subsidiaries, whether or not wholly-owned, provided that the Guarantor's obligations under this deed continue in full force and effect or are otherwise assumed by an entity of equivalent financial substance to the Guarantor).
- (c) REA must not Transfer any of its Shares to a Third Party other than on terms that:
 - (i) include the B-Class Shareholders' right to Transfer the B-Class Shares under this clause 21; and
 - (ii) are no more favourable than those offered to the B-Class Shareholders in the Transfer Notice.

21.2 Tag-along Advice

Before Transferring Shares to a Third Party, REA must give to the Directors appointed to the Board by RollCo a Tag-along Advice which cannot be withdrawn without the consent of those Directors and which includes the following information:

- (a) the number of Sale Shares that REA wishes to Transfer;
- (b) the Sale Proportion;
- (c) the identity of the Third Party who wishes to purchase the Sale Shares and the ultimate owner of the Third Party (if any);
- (d) the Specified Price;
- (e) all other terms of the proposed Transfer of the Sale Shares, if any;
- (f) details of any representations, warranties and indemnities that REA proposes to make in connection with its Transfer of Sale Shares to the Third Party;
- (g) that each B-Class Shareholder may provide to RollCo (who must promptly deliver to the A-Class Shareholder) either or both of:
 - (i) a Tag-along Notice indicating (if applicable) that that B-Class Shareholder wishes to sell the Sale Proportion of its B-Class Shares to the Third Party free of all Security Interests and on the same terms (excluding as to representations, warranties and indemnities, where B-Class Shareholders will be required only to give power, capacity and ownership warranties) as those on which REA's Sale Shares are Transferred; and
 - (ii) a written notice of exercise of the Tag-along Put Options in relation to all of such RollCo Shares as are not the subject of the Tag-along Notice provided by that B-Class Shareholder pursuant to clause 21.2(g)(i);

- (h) that if RollCo gives REA Tag-along Notices under clause 21.2(g)(i), REA will only Transfer any of its Sale Shares to the Third Party if the Third Party also, on the same terms (excluding as to representations, warranties and indemnities, where B-Class Shareholders will be required only to give power, capacity and ownership warranties), buys the Sale Proportion of the B-Class Shares; and
- (i) written notice, in a form agreed between the parties, that constitutes a Tag-along Notice.

21.3 Effect of Tag-along Notice

- (a) REA must not Transfer any Sale Shares to a Third Party unless:
 - (i) if a Tag-along Notice has been given to REA within the Tag-along Acceptance Period, the Third Party also, on the same terms, buys the Sale Proportion of the B-Class Shares; or
 - (ii) if the Tag-along Put Options have been exercised within the Tag-along Acceptance Period, REA has made a binding commitment to purchase all of the B-Class Shares not more than 3 Business Days following the Transfer of any Sale Shares to a Third Party.
- (b) If applicable, REA must use its reasonable endeavours to procure the Third Party to buy the Sale Proportion of the B-Class Shares.
- (c) If applicable, the B-Class Shareholders must Transfer the Sale Proportion of the B-Class Shares to the Third Party free of all Security Interests and on the terms specified in the Tag-along Advice (noting that B-Class Shareholders will be required only to give power, capacity and ownership warranties) or otherwise on the same terms as those on which REA Transfers its Sale Shares to that Third Party, subject to the Third Party completing the Transfers. Upon completion of the Transfers, the B-Class Shares which are transferred will convert immediately to A-Class Shares.

21.4 Completion of Transfers to Third Party

Completion of Transfers to a Third Party (by both REA and each B-Class Shareholder) must occur simultaneously at the time and place agreed between the Third Party and the Shareholders, and the B-Class shareholders must, 3 Business Days prior to the date set for completion

- (a) give to REA a duly executed proper instrument of transfer for the Sale Proportion of the B-Class Shares; and
- (b) discharge any Security Interests affecting the Sale Proportion of the B-Class Shares.

21.5 Deemed Tag-along Advice

REA is deemed to provide a Tag-along Advice if:

- (a) A change of Control of the Target occurs or the Target sells all or a majority of its assets;
- (b) A change of Control of REA or any direct or indirect holding company of REA occurs or REA sells all or a majority of its assets, except where such change of

Control is effected by News Corporation or any of its direct or indirect subsidiaries acquiring any further shares in the Guarantor; or

- (c) A change of Control or de-listing occurs in respect of the Guarantor or the Guarantor sells all or a majority of its assets, except where such change of Control is effected by News Corporation or any of its direct or indirect subsidiaries acquiring any further shares in the Guarantor.

22 Competition

22.1 Parties to whom this clause applies

- (a) Each of the following parties (together the **Bound Parties**) are subject to the obligations in this clause 22:
 - (i) each Shareholder;
 - (ii) each Relevant Covenantor;
 - (iii) the Guarantor;
 - (iv) each of the Guarantor's wholly and non-wholly owned (whether directly or indirectly) Subsidiaries (**Guarantor Subsidiaries**).
- (b) The Guarantor will procure that the Guarantor Subsidiaries comply with this clause 22, and non-compliance by any of the Guarantor Subsidiaries is deemed to be a breach of this clause 22 by REA.

22.2 Notice of new opportunities

- (a) During the term of this deed, each Bound Party must promptly inform the Company in writing if it becomes aware of a new business opportunity that is consistent with the Group's business strategy in respect of the Territory (**Business Opportunity Notice**). A Shareholder will only be treated as being aware of a new business opportunity if any of its Appointed Directors have actual knowledge.
- (b) Within 5 Business Days of receiving a Business Opportunity Notice, the Company may request in writing, and the Bound Party that issued the Business Opportunity Notice will provide (as soon as practicable and in any event within 3 Business Days of the Company making that request) such information in its possession which it is permitted to disclose (including financial information) in relation to the new business opportunity which is reasonably requested by the Company, and the Company must request such information as is required by the Board to adequately consider the business opportunity.
- (c) Following receipt of information received under 22.2(b), the Company must provide to each member of the Board all the information in its possession in relation to the new business opportunity in sufficient time prior to any Board meeting considering that opportunity to allow the Directors to consider the information.
- (d) Within 5 Business Days of the next meeting of the Board that is scheduled to follow provision of information under clause 22.2(c) (at which meeting the Board must consider the new business opportunity), the Company must notify the relevant Bound Party in writing as to whether or not the Group will pursue the new business opportunity described in the Business Opportunity Notice.

- (e) If the Company informs the Bound Party that the Group will not pursue the new business opportunity, or fails to inform the Bound Party of its decision within the prescribed period in clause 22.2(d), then notwithstanding clauses 22.3 (**Restrictions on competitive activity**), 22.4 (**Exceptions to restrictions on competitive activity**) and 22.5 (**Acknowledgements**), the provisions of clause 23.3(a)(ii) will apply and the Bound Party will be deemed to be a 'Sole Risk Shareholder' for the purposes of that clause.
- (f) A Bound Party who issues a Business Opportunity Notice cannot direct any Director appointed by it pursuant to clause 8.2 (**Right to appoint Directors**) to vote against the Company pursuing that new business opportunity, and then subsequently pursue that new business opportunity, whether directly or indirectly and whether under clause 22.2(e) or otherwise (provided that this clause 22.2(f) does not bind any Substantial Shareholders of RollCo or their Relevant Covenantors that have not appointed a majority of the directors to the board of RollCo).

22.3 Restrictions on competitive activity

- (a) Subject to clauses 22.4 and 22.6, a Bound Party must not, at any time:
 - (i) engage in a business or an activity within the Territory that is:
 - (A) the same or similar to the Business; and
 - (B) in competition with the Business or any material part of the Business;
 - (ii) interfere with the relationship between the Group and its customers, employees or suppliers; or
 - (iii) induce or assist in inducing an employee of the Group to terminate their employment with the Group,

in the case of:

 - (iv) all Bound Parties, for so long as there are B-Class Shares on issue in RollCo; and
 - (v) RollCo alone, in relation to clause 22.3(a)(iii), before the expiry of 12 months after the first to occur of:
 - (A) B-Class Shares no longer being on issue in RollCo; and
 - (B) a change of Control occurs in respect of RollCo, other than by reason of the exercise of the Options.
- (b) In this clause 22 (**Competition**), **engage in** means to carry on, participate in, provide finance or services, or otherwise be directly or indirectly involved as a shareholder, unitholder, director, consultant, adviser, contractor, principal, agent, manager, employee, beneficiary, partner, associate, trustee or financier.

22.4 Exceptions to restrictions on competitive activity

- (a) Clause 22.3 (**Restrictions on competitive activity**) does not prohibit:
 - (i) a Bound Party from:

- (A) recruiting a person through a recruitment agency (unless the recruitment agency targets employees of the Group), in response to a public employment advertisement or through a person seeking employment at their own initiative;
 - (B) undertaking any activity pursuant to clause 22.2(e);
 - (ii) any Relevant Covenantor of RollCo from being engaged in any holding company, manager or investment adviser (**Portfolio Manager**) of minority and / or majority interests in a portfolio of online classifieds businesses operating, owned or acquired (whether wholly or in part) in South East Asia (and elsewhere) (**Portfolio Interests**) at or following the Commencement Date; or
 - (iii) any Shareholder from undertaking any activity contemplated by clause 23.3(a)(ii).
- (b) RollCo's obligations under this clause 22 (**Competition**) terminate immediately upon any breach of this clause 22 by any of REA, the Guarantor or the Gaurantors Subsidiaries.

22.5 Acknowledgements

Each Bound Party acknowledges that:

- (a) the restrictions listed in clause 22.3 (**Restrictions on competitive activity**) are reasonable and necessary to protect the goodwill of the Business; and
- (b) if a Bound Party breaches this clause 22 or the Board or a Shareholder forms the view that a Bound Party is likely to breach this clause 22:
 - (i) damages are not an adequate remedy; and
 - (ii) the Company or the other Shareholder may apply for injunctive relief.

22.6 Best endeavours

The Relevant Interests of any Relevant Covenantor of RollCo, in any Portfolio Manager and / or any Portfolio Interests at or following the Commencement Date, are not subject to clause 22 (**Competition**), provided that if a shareholder of RollCo has a Relevant Interest in more than 50% of the issued securities in any such Portfolio Manager, that shareholder will use its best endeavours (which for the purposes of this clause 22 (**Competition**) requires that shareholder and any appointed director of that shareholder to positively exercise all rights to which it is entitled with respect to the governance and management of that Portfolio Manager and the Portfolio Interests from time to time) to ensure that neither the Portfolio Manager nor any Portfolio Interests compete in the online property portal market in countries in which the Group operates as at the date of this deed (save that this clause will not require that shareholder to ensure that the Portfolio Manager or any Portfolio Interests do not compete in any online property portal market in which it operates as at the date of this deed).

23 Deadlocks

23.1 When a Deadlock arises

A deadlock arises if:

- (a) the Directors cannot agree on a matter that is the subject of clause 7.2 (**Company conduct that requires special Board approval**);
 - (b) that matter is not resolved within 30 days of it first arising, provided that the parties have made consistent, bona fide efforts during that period to agree or resolve the matter; and
 - (c) a Director or Shareholder gives the Company, and the Company gives to each Shareholder, a written notice (**Deadlock Notice**) specifying the date of the deadlock and the grounds on which the deadlock has arisen,
- (together, **Deadlock**).

23.2 Resolution of Deadlock in respect of a Category A Board Approval Matter

Where a Deadlock is in relation to a Category A Board Approval Matter:

- (a) if the Deadlock relates to the approval of the FY17 Budget the provisions of clause 11.3 (**Board fails to adopt Budget**) will apply; and
- (b) in all other cases, Revenue and / or EBITDA (as applicable) will be adjusted in accordance with Schedule 2 of the RollCo Constitution.

23.3 Resolution of Deadlock in respect of a Category B Board Approval Matter (Disputed Acquisition, Project or Change)

Where a Deadlock is in relation to a Category B Board Approval Matter, then to the extent that the Deadlock is in respect of an inability to agree whether or not the Group should undertake an acquisition, Project or materially change the Business, or the terms on which an acquisition or Project should be undertaken (including the terms on which it will be funded) (**Disputed Acquisition, Project or Change**):

- (a) the Board may propose an Ordinary Resolution to undertake the Disputed Acquisition, Project or Change described in the Deadlock Notice, which:
 - (i) if the Ordinary Resolution proposed under clause 23.3(a) is passed with the Directors appointed to the Board by REA voting in favour of the Ordinary Resolution, and the Directors appointed to the Board by RollCo voting against the Ordinary Resolution:
 - (A) the Company (or another Group Company) may undertake the Disputed Acquisition, Project or Change by using debt or equity sourced pursuant to clauses 13 (**Financing of the Group**), 14 (**Debt funding from Shareholders**) and 15 (**Equity funding from Shareholders**); and
 - (B) if the Company has used reasonable endeavours (having regard to all the circumstances, including timing pressures related to the Disputed Acquisition, Project or Change and the time taken to source funding) to source funding pursuant to clause 23.3(a)(i)(A) and such funding cannot be obtained, the Company may issue Shares to REA at a price per Share being not higher than the Base Amount, provided that RollCo has an opportunity thereafter to participate for its pro-rata share of the funding requirement by having REA transfer to it, for the issue price, its pro-rata share of the Shares issued. REA must offer the relevant Shares for transfer within 10 days of their issue and,

subject to clause 16.2, RollCo has 60 days in which to purchase those Shares; and

- (C) Revenue and / or EBITDA (as applicable) will be adjusted in accordance with Schedule 2 of the RollCo Constitution.
- (ii) if the Ordinary Resolution proposed under clause 23.3(a) is:
- (A) not passed, but the Directors appointed to the Board by RollCo vote in favour of the Ordinary Resolution; or
 - (B) is passed with the Directors appointed to the Board by REA voting in favour of the Ordinary Resolution, and the Directors appointed to the Board by RollCo voting against the Ordinary Resolution,

(the Shareholder voting in favour of the Ordinary Resolution being the **In-Favour Shareholder**), then:

- (C) the In-Favour Shareholder or any of its Relevant Covenantors (**Sole Risk Shareholder**) may, within 10 Business Days after the date that the Ordinary Resolution is proposed under clause 23.3(a), give the Company and the other Shareholder written notice that it intends to pursue the Disputed Acquisition, Project or Change (provided that no Director appointed to the Board by that Shareholder did at any time vote against any resolution of the Board to undertake the Disputed Acquisition, Project or Change);
- (D) the Sole Risk Shareholder may undertake the Disputed Acquisition, Project or Change at its "sole risk" through a separately owned entity or such other structure as the Sole Risk Shareholder may implement (provided that the entity is not a Group Company) (**Sole Risk SPV**) provided that it substantially progresses the Disputed Acquisition, Project or Change within 6 months of giving notice under clause 23.3(a)(ii)(C), and provided that the enterprise to be conducted by the Sole Risk SPV pursuant to this clause 23.3(a)(ii) will not compete for revenue in any material respect with any member of the Group, or the parties (acting reasonably) agree the basis on which Schedule 2 of the RollCo Constitution will apply to ensure that the enterprise to be conducted by the Sole Risk SPV will not adversely affect the basis on which achievement of any of the Thresholds is determined.
- (E) management service, technology licensing and other commercial agreements may be entered into between the Company and the Sole Risk SPV or acquired business to access available synergies and management expertise without the approval of the Directors not appointed by that Sole Risk Shareholder, provided that any such agreement is on commercial arm's length terms and terminates upon the Sole Risk Shareholder ceasing to be a Shareholder, or a shareholder of a Shareholder,

provided that none of the revenue, EBITDA or costs associated with the Sole Risk SPV will be included in the Group's relevant Financial Statements by reference to which achievement of any of the Thresholds are determined; and

- (b) If the Ordinary Resolution proposed under clause 23.3(a) is passed with the Directors appointed to the Board by REA voting in favour of the Ordinary

Resolution, and the Directors appointed to the Board by RollCo voting against the Ordinary Resolution, REA in its sole discretion may determine which of clauses 23.3(a)(i) or 23.3(a)(ii) apply.

- (c) In the event that an issue of shares in the Company occurs pursuant to clause 23.3(a)(i)(B), REA must provide Rollco with such assistance as it reasonably requests to facilitate Rollco undertaking an issue of B-Class Shares (where the A-Class Shareholder does not participate) to allow Rollco to purchase its pro-rata share of the Shares issued within the time limit set out in clause 23.3(a)(i)(B).

23.4 Resolution of Deadlock in respect of any other Category B Board Approval Matter

Where a Deadlock is in relation to a Category B Board Approval Matter that is not a Disputed Acquisition, Project or Change (**Disputed Disposal or Other Matter**), if the Board passes an Ordinary Resolution to undertake the Disputed Disposal or Other Matter described in the Deadlock Notice, then the relevant Revenue and / or EBITDA (as applicable) will be adjusted in accordance with Schedule 2 of the RollCo Constitution.

24 Events of default

24.1 Events of default

- (a) Subject to clause 24.1(b), a party becomes a defaulting party (**Defaulting Party**), and it is an Event of Default if:
 - (i) that party materially breaches this deed (**Material Breach**) and:
 - (A) the other another party gives written notice of the breach to both that party and the Company; and
 - (B) that party does not remedy the breach within 20 Business Days of the date of that notice;
 - (ii) that party breaches an obligation under clause 22 (**Competition**);
 - (iii) that party breaches and obligation under clause 18.1;
 - (iv) in the case of a Shareholder, that Shareholder is prohibited from being a Shareholder in the Company by a change in any law;
 - (v) an Insolvency Event occurs in relation to that party;
 - (vi) that party is a corporation and, except as a result of exercise of the Options:
 - (A) it becomes a Subsidiary of another corporation;
 - (B) there is a change in the power directly or indirectly to affect the management or policies of that Shareholder or to control the membership of its board of directors; or
 - (C) there is a change in more than 50% of the legal or beneficial ownership of that Shareholder's shares, voting rights, rights to receive income or capital and rights to appoint directors;
 - (vii) in respect of RollCo, a constituent or other governing document (which may include, without limitation, a constitution, articles of association, shareholders'

agreement or any other equivalent or analogous document) is varied without the Company's prior written consent.

- (b) Despite any other provision of this deed, it will not be an Event of Default if a transaction of the nature described in clause 24.1(a)(vi) occurs in respect of REA or the Guarantor and such transaction is undertaken by News Corporation or any of its direct or indirect Subsidiaries, whether or not wholly-owned, provided that:
 - (i) the Guarantor's obligations under this deed continue in full force and effect or are otherwise assumed by an entity of equivalent financial substance to the Guarantor; and
 - (ii) in the event that the Guarantor is de-listed from Australian Securities Exchange in connection with any such transaction, the Guarantor continues to provide its quarterly accounts (prepared to the same standard as when the Guarantor was listed) to RollCo until such time as there are no longer any B-Class Shares on issue.

24.2 Suspension of voting rights

Subject to applicable law and clause 9(b)(ii), for so long as a Shareholder is a Defaulting Party (or additionally in the case of REA if the Guarantor is a defaulting party), it may not exercise (or purport to exercise) any rights under this deed (including any voting rights in respect of any Shares) and any Director appointed by the Defaulting Party (or if the Guarantor is the defaulting party, appointed by REA) may not exercise (or purport to exercise) any voting rights, provided that the Defaulting Party and its appointed Directors will regain all such rights if:

- (a) in circumstances where REA is the Defaulting Party, the exercise period for the Default Put Option (as defined in the RollCo Constitution) has expired and such put has not been exercised; or
- (b) in circumstances where RollCo is the Defaulting Party the exercise period for the Company Default Call Option (as defined in the RollCo Constitution) has expired and such call has not been exercised.

25 Guarantee

25.1 Consideration

The Guarantor acknowledges that RollCo is acting in reliance on the Guarantor incurring obligations and giving rights under this Guarantee.

25.2 Guarantee

- (a) The Guarantor unconditionally and irrevocably guarantees to RollCo and the B-Class Shareholders (the **Guaranteed Parties** and each a **Guaranteed Party**) on demand the due and punctual performance by REA of all its obligations under this deed and the RollCo Constitution, including each obligation to pay money (the **Guaranteed Obligations**).
- (b) Without limiting paragraph (a), the Guarantor guarantees the payment of all monies owing on exercise of an Option under the RollCo Constitution, regardless of whether or not REA is the A-Class Shareholder under the terms of the RollCo Constitution.

25.3 Extent of guarantee

- (a) The Guarantor will be responsible to each Guaranteed Party in respect of the Guaranteed Obligations in the same manner as if the Guarantor was REA under this deed or the RollCo Constitution (as applicable).
- (b) The liability of the Guarantor under this clause 25 is not affected by anything that, but for this clause 25, might operate to release or exonerate the Guarantor in whole or in part from its obligations including any of the following, whether with or without the consent of the Guarantor:
 - (c) the grant to RollCo, the Guarantor or any other person of any time, waiver or other indulgence, or the discharge or release of REA, the Guarantor or any other person from any liability or obligation;
 - (d) any transaction or arrangement that may take place between one or more of the Guaranteed Parties, REA, the Guarantor or any other person;
 - (e) Any Guaranteed Party exercising or refraining from exercising its rights under any security or any other rights, powers or remedies against REA, the Guarantor or any other person;
 - (f) the amendment, replacement, extinguishment, unenforceability, failure, loss, release, discharge, abandonment or transfer either in whole or in part and either with or without consideration, of any security now or in the future held by a Guaranteed Party from REA, the Guarantor or any other person or by the taking of or failure to take any security;
 - (g) the failure or omission or any delay by any Guaranteed Party or REA to give notice to the Guarantor of any default by REA or any other person under this agreement; and
 - (h) any legal limitation, disability, incapacity or other circumstances related to REA, the Guarantor or any other person.

25.4 Non-payment or non-performance

If REA does not:

- (a) pay any amount it is obliged to pay under the Guaranteed Obligations in accordance with this deed or the RollCo Constitution, the Guarantor must pay that amount on demand as if it was REA; or
- (b) perform any of the other Guaranteed Obligations under this deed or the RollCo Constitution, the Guarantor must perform, or procure the performance of, those obligations (on demand by the relevant Guaranteed Party) in accordance with this deed.

25.5 Payments

The Guarantor agrees to make payments under this clause 25:

- (a) in full without set-off or counterclaim, and without any deduction in respect of Taxes unless prohibited by law; and
- (b) in Australian dollars.

25.6 Principal and independent obligation

- (a) This clause 25 is a principal obligation and is not to be treated as ancillary or collateral to any other right or obligation and extends to cover this agreement as amended, varied, supplemented, renewed or replaced.

25.7 No withholdings

- (a) The Guarantor must make all payments that become due under this clause 25, free and clear and without deduction of all present and future withholdings (including taxes, duties, levies, imposts, deductions and charges of Australia or any other jurisdiction).
- (b) If the Guarantor is compelled by law to deduct any withholding, then in addition to any payment due under this clause 25, it must pay to the relevant Guaranteed Party such amount as is necessary to ensure that the net amount received by that Guaranteed Party after withholding equals the amount that Guaranteed Party would otherwise been entitled to if not for the withholding.

25.8 Trust

This clause 25 operates for the benefit RollCo and each B-Class Shareholder and will be held on trust by RollCo for each such B-Class Shareholder and may be enforced by RollCo for itself or as trustee for a B-Class Shareholder or by any B-Class Shareholder directly.

26 Term and termination of the agreement

26.1 Commencement

This deed commences on the Commencement Date.

26.2 Termination

Subject to clause 26.3 (**Consequences of termination**), this deed terminates on the earliest of:

- (a) with respect to a Shareholder, the date it has transferred all of its Shares in a manner contemplated by this deed; and
- (b) any earlier date agreed by the parties.

26.3 Consequences of termination

- (a) If this deed terminates under clause 26.2 (**Termination**), the parties have no further rights or obligations under this deed except under:
 - (i) clause 22 (**Competition**);
 - (ii) clause 30 (**Confidentiality**);
 - (iii) clause 31.2 (**GST**);
 - (iv) clause 31.3 (**Stamp duty**); and
 - (v) any other term which by its nature is intended to survive.

- (b) The termination or cessation of application of this deed does not affect any person's right or claim which arises while that person is a party to this deed.
-

27 Agreement and Constitution different

27.1 Deed and Constitution different

- (a) Where this deed and the Constitution deal with the same or a similar topic differently:
 - (i) this deed is to prevail; and
 - (ii) if a Shareholder gives the Company a notice specifying the difference and requesting an amendment to the Constitution that will remove that difference, each Shareholder must take all necessary steps to amend the Constitution to remove that difference.
- (b) Where the Constitution deals with matters which are not dealt with in this deed, the parties must interpret the relevant provisions of the Constitution, and act upon the terms of the constitution in a way which is consistent with the tenor of the agreement of the parties evidenced by the terms of the Rollco Constitution and this deed.

27.2 Director acting in compliance with this deed

- (a) Where clause 27.1 (**Deed and Constitution different**) applies and a Director acts in accordance with the deed, the Shareholders and the Company agree that:
 - (i) the fact that the Director has acted in accordance with this deed:
 - (A) is taken to be an act that is in the best interest of the Company as a whole; and
 - (B) is not to be taken to be a breach of any duty owed by that Director to the Company or a breach of the Constitution;
 - (ii) neither the Company nor the Shareholders may take any steps to pursue the Director for a breach of duty if the only basis for the breach is conduct permitted by this clause; and
 - (iii) if, contrary to paragraph (i), the conduct is a breach of duty or a breach of the Constitution, to the extent permitted by law, each Shareholder must take all steps necessary to:
 - (A) consent to, excuse, ratify or authorise the breach; and
 - (B) otherwise release the Director from any liabilities arising from the breach of duty or the Constitution.
- (b) the Company and the Shareholders acknowledge and agree that the Directors may rely on this clause 27.2.

28 Exercise of powers of Company, Directors and Shareholders

28.1 Company

The Company must:

- (a) exercise its powers in a manner consistent with this deed; and
- (b) use its best endeavours to procure the Board to comply with this deed.

28.2 Shareholders

Each Shareholder must exercise all powers conferred on it as a Shareholder in a manner that is consistent with this deed and to the fullest extent possible to:

- (a) give effect to the terms of this deed;
- (b) ensure performance by it of this deed;
- (c) procure the Company to comply with all of its obligations under the deed; and
- (d) procure the Board to:
 - (i) do all things required by the Board under this deed; and
 - (ii) procure the Company to comply with all its obligations under this deed.

29 Share certificates

29.1 Share certificate notation

The Company must note on a share certificate:

- (a) "The Shares represented by this certificate are subject to certain restrictions on the sale, transfer, assignment or encumbrance as set out in the Company's Constitution and a Shareholders deed dated 7 December 2015, as amended from time to time. No registration of any transfer of these shares will be made by the Company unless those restrictions are complied with."

30 Confidentiality

30.1 Disclosure of Confidential Information

A party may not disclose any Confidential Information to any person except:

- (a) with the prior written consent of the party to whom the Confidential Information relates;
- (b) in the case of the Shareholders, to their Representatives and Relevant Covenantors;
- (c) if it is required to do so by law, a Government Agency or by a stock exchange;

- (d) to an existing or proposed financier to a Shareholder or its Relevant Covenants or the Company; or
- (e) to a bona fide prospective Third Party buyer who gives an appropriate confidentiality deed poll for the benefit of the Company and each Shareholder, in a form satisfactory to the Company and each Shareholder, acting reasonably.

30.2 Disclosure by recipient of Confidential Information

Any party disclosing information under this clause 30 must use all reasonable endeavours to ensure that persons receiving Confidential Information from it do not disclose the information except in the circumstances permitted in this clause 30.

30.3 Use of Confidential Information

A party who has received Confidential Information from another under this deed must not use it except for the purpose of exercising its rights or performing its obligations under this deed.

30.4 Prior notification of disclosure to stock exchange

A party requiring or wishing to disclose Confidential Information in accordance with clause 30.1(c) must notify (to the extent permitted by law) the Board and the Company of the proposed disclosure as far in advance as practicable and must comply with the requirements of clause 30.5 (**Announcements or releases**).

30.5 Announcements or releases

- (a) A party may not make press or other announcements or releases relating to this deed and the matters referred to in this deed without the prior approval of the other parties to the form and manner of the announcement or release unless and to the extent that disclosure is required to be made by a party by law, by Government Agency or by a stock exchange.
- (b) To the extent that the announcement or release is required to be made by the party by law, by a Government Agency or by a stock exchange, the disclosing party must, as far as reasonably possible, consult with the other parties as to the content of such announcement or release and only disclose the information that is necessary to fulfil that requirement.

30.6 Return of Confidential Information

If a Shareholder ceases to hold Shares, it must as soon use its best endeavours deliver to the Company or destroy all documents or other materials containing or referring to the Confidential Information which are in its possession, power or control or in the possession, power or control of persons to whom it has disclosed Confidential Information under clause 30 as soon as possible.

30.7 Representatives

Each Shareholder must ensure that its Representatives to whom it discloses information or who acquire information on its behalf, comply in all respects with that Shareholder's obligations under this clause 30 as if they were a party to this deed.

30.8 Obligations continue

The rights and obligations of a Shareholder under this clause 30 with respect to confidentiality continue to apply to a Shareholder even after it ceases to hold Shares.

31 General

31.1 Costs

The Company must pay all costs and expenses incurred through the preparation and execution of this deed.

31.2 GST

- (a) Any consideration or amount payable under this deed, including any non-monetary consideration (as reduced in accordance with paragraph (e) if required) (**Consideration**) is exclusive of GST.
- (b) If GST is or becomes payable on a Supply made under or in connection with this deed, an additional amount (**Additional Amount**) is payable by the party providing the Consideration for the Supply (**Recipient**) equal to the amount of GST payable on that Supply as calculated by the party making the Supply (**Supplier**) in accordance with the GST Law.
- (c) The Additional Amount payable under paragraph (b) is payable at the same time and in the same manner as the Consideration for the Supply but is only payable on receipt of a valid Tax Invoice.
- (d) If for any reason (including, without limitation, the occurrence of an Adjustment Event) the amount of GST payable on a Supply (taking into account any Decreasing or Increasing Adjustments in relation to the Supply) varies from the Additional Amount payable by the Recipient under paragraph (b):
 - (i) the Supplier must provide a refund or credit to the Recipient, or the Recipient must pay a further amount to the Supplier, as appropriate;
 - (ii) the refund, credit or further amount (as the case may be) will be calculated by the Supplier in accordance with the GST Law; and
 - (iii) the Supplier must notify the Recipient of the refund, credit or further amount within 14 days after becoming aware of the variation to the amount of GST payable. If there is an Adjustment Event in relation to the Supply, the requirement for the Supplier to notify the Recipient will be satisfied by the Supplier issuing to the Recipient an Adjustment Note within 14 days after becoming aware of the occurrence of the Adjustment Event.
- (e) Notwithstanding any other provision in this deed, if an amount payable under or in connection with this deed (whether by way of reimbursement, indemnity or otherwise) is calculated by reference to an amount incurred by a party, whether by way of cost, expense, outlay, disbursement or otherwise (**Amount Incurred**), the amount payable must be reduced by the amount of any Input Tax Credit to which that party is entitled in respect of that Amount Incurred.
- (f) Any reference in this clause to an Input Tax Credit to which a party is entitled includes, without limitation, an Input Tax Credit arising from a Creditable

Acquisition by that party but to which the Representative Member of the GST Group of which that party is a Member is entitled.

31.3 Stamp duty

The Company must pay all stamp duty on this deed.

31.4 Notices

- (a) A notice, consent, approval, waiver or other communication sent by a party under this deed (**Notice**) must be:
- (i) in writing;
 - (ii) sent by an authorised representative of the sender; and
 - (iii) marked for the attention of the person named below, and must be:
- (iv) left at, or sent by prepaid ordinary post (or by airmail if posted to or from a place outside Australia) to, the address set out below;
- (v) sent by fax to the number set out below; or
- (vi) sent by email to the address set out below.

REA

Attention: **Tracey Fellows and Sarah Turner**

Address: 511 Church Street Richmond, Victoria 3121

Fax:

Email: tracey.fellows@rea-group.com

sarah.turner@rea-group.com

with a copy (for information purposes only) to:

Andrew Bullock of Gilbert + Tobin Lawyers, abullock@gtlaw.com.au

RollCo

Attention: Michael Ziegelaar

Address: L43, 101 Collins St, Melbourne, Victoria, 3000

Fax: +61 3 9288 1567

Email: michael.ziegelaar@hsf.com

with a copy (for information purposes only) to:

Alexander Mackinnon of Herbert Smith Freehills,

alexander.mackinnon@hsf.com

Company

Attention: **Tracey Fellows and Sarah Turner**

Address: 511 Church Street Richmond, Victoria 3121

Fax:

Email: tracey.fellows@rea-group.com

sarah.turner@rea-group.com

with a copy (for information purposes only) to:

Andrew Bullock of Gilbert + Tobin Lawyers, abullock@gtlaw.com.au

Guarantor

Attention: **Tracey Fellows and Sarah Turner**

Address: 511 Church Street Richmond, Victoria 3121

Fax:

Email: tracey.fellows@rea-group.com

sarah.turner@rea-group.com

with a copy (for information purposes only) to:

Andrew Bullock of Gilbert + Tobin Lawyers, abullock@gtlaw.com.au

- (b) Subject to clause 31.4(c), a Notice is taken to be received:
- (i) if sent by hand, when it is delivered;
 - (ii) if sent by post, three days after posting (or seven days after posting if sent from one country to another);
 - (iii) if sent by fax, at the time shown in the transmission report produced by the machine from which the fax was sent as the time the fax was sent in its entirety; or
 - (iv) if sent by email:
 - (A) when the sender receives an automated message confirming delivery; or
 - (B) four hours after the time sent (as recorded on the device from which the email was sent), provided that the sender does not receive an automated message that the email has not been delivered,whichever happens first.
- (c) If a Notice is taken to be received under clause 31.4 (**Notices**):
- (i) before 9:00am on a Business Day, it will be taken to be received at 9:00am on that Business Day; or
 - (ii) after 5:00pm on a Business Day or on a non-Business Day, it will be taken to be received at 9:00am on the next Business Day.

31.5 Assignment

Subject to clause 18 (**General obligations regarding Shares**), a party may not assign, novate or otherwise transfer any of its rights or obligations under this deed without the prior written consent of the other parties.

31.6 Governing law and jurisdiction

- (a) This deed is governed by the laws of New South Wales.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales and courts competent to hear appeals from those courts.

31.7 No representation or reliance

- (a) Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this deed, except for representations or inducements expressly set out in this deed or the RollCo Constitution and (to the maximum extent permitted by law) all other representations, warranties and conditions implied by statute or otherwise in relation to any matter relating to this deed, the circumstances surrounding the parties' entry into it and the transactions contemplated by it are expressly excluded.
- (b) Each party acknowledges and confirms that it does not enter into this deed in reliance on any representation or other inducement by or on behalf of any other person, except for any representation or inducement expressly set out in this deed or the RollCo Constitution.

31.8 Waivers and consents

- (a) Failure to exercise or enforce, a delay in exercising or enforcing, or the partial exercise or enforcement of any right, power or remedy provided by law or under this deed by any party does not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this deed.
- (b) Any waiver or consent given by a party under this deed is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of any term of this deed operates as a waiver of another breach of that term or of a breach of any other term of this deed.
- (d) Except where this deed expressly provides otherwise, where the consent of a party is required under this deed, such consent may be given or withheld in that party's absolute discretion.

31.9 Benefits held on trust

- (a) REA holds the benefit of each right, promise and obligation in this deed that benefits it, any REA Group Member or any of its Relevant Covenantors on its own behalf and on trust for each of those persons.
- (b) RollCo holds the benefit of each right, promise and obligation in this deed that benefits it, any of its Relevant Covenantors or any B-Class Shareholders on its own behalf and on trust for each of those persons.

31.10 Variation

This deed may only be varied by a document signed by or on behalf of each of the parties.

31.11 Legal advice

Each party acknowledges that it has received legal advice about this deed or has had the opportunity to receive legal advice about this deed.

31.12 Further assurances

Each party shall promptly execute all documents and do all things that any other party from time to time reasonably requires of it to effect, perfect or complete the provisions of this deed and any transaction contemplated by it.

31.13 Entire agreement

This deed, the Constitution and the RollCo Constitution constitute the entire agreement of the parties about the subject matter and supersede all previous agreements, understandings and negotiations on that subject matter.

31.14 Counterparts

This deed may consist of a number of copies, each signed by one or more parties to the deed. If so, the signed copies are treated as making up the one document and the date on which the last counterpart is executed is the date of the deed.

31.15 Severability of provisions

Any provision of this deed which is illegal, void or unenforceable will be ineffective to the extent only of that illegality, voidness or unenforceability without invalidating the remaining provisions.

1 Dictionary

In this deed:

2nd Notice has the meaning given to that term in clause 15.2(c).

Accounting Standards means:

- (a) the accounting standards approved under the Corporations Act and the requirements of that law about the preparation and content of accounts; and
- (b) generally accepted and consistently applied principles and practices in Australia, except those inconsistent with the standards or requirements referred to in paragraph (a),

and in relation to a company incorporated outside Australia, the equivalent accounting standards, principles and practices in the jurisdiction of incorporation.

Additional Securities has the meaning given to it in clause 15.1 (**Pro rata offer to Shareholders**).

Affiliate means:

- (a) in respect of an individual, a spouse, parent, child, sibling or lineal descendant of that individual; or
- (b) in respect of a body corporate, another body corporate that directly or indirectly Controls, or is Controlled by, or is under common Control with, the first body corporate.

Agreed Form in respect of a document means that document in the form, or substantially the form, agreed by REA and the Target prior to execution of this deed and initialled by REA and the Target or their solicitors on their behalf for the purpose of identification.

Appointing Shareholder means a Shareholder who has appointed a director under clause 8.2 (**Right to appoint Director**).

B-Class Share means a share designated as a 'B-Class Share' in the capital of RollCo, issued on the terms set out in the RollCo Constitution.

B-Class Shareholder means a holder of a B-Class Share.

Base Amount means the cash consideration paid for each Target Share under the Scheme, being \$4.00.

Board means the Directors of the Company acting collectively:

- (a) at a duly convened meeting of the Directors of the Company;
- (b) through a resolution passed by the Directors at a duly convened meeting; or
- (c) in any other way authorised or permitted by law or the Company's Constitution.

Budget means a statement prepared in respect of the Group that is applicable or adopted by the Board in accordance with clause 11 (**Budget**) from time to time for the conduct of the Business during the relevant Financial Year which:

- (a) provides details of expected revenue and expenditure for a 1-year period;
- (b) contains a forecast:
 - (i) profit and loss statement for the Financial Year;
 - (ii) balance sheet as at the end of the Financial Year; and
 - (iii) statement of cash flows for the Financial Year; and
- (c) specifies the amount of additional capital (if any) required in the forecast period for the proper conduct of the Business and the Group.

Business has the meaning given to it in clause 2.1 (**Nature of Business**).

Business Day means a day on which banks are open for business excluding Saturdays, Sundays or public holidays in Melbourne, Victoria.

Business Opportunity Notice has the meaning given to it in clause 22.2(a).

CAGR means Compound Annual Growth Rate and is to be calculated using the following formula;

$$\text{CAGR} = (E_v / B_v)^{(1/2)} - 1$$

where:

CAGR means the CAGR for a Financial Year;

B_v means the actual value of the relevant item for the Financial Year 2 years prior to the Budget that is being adjusted under clause 11.3(c);

E_v means the value of the relevant item in the accounts of the Financial Year of the Budget which is being adjusted, or if the accounts do not exist then in the Budget that is being adjusted pursuant to clause 11.3(c); and

Category A Board Approval Matter means those matters designated as such in Part 1 of Schedule 3 (**Company conduct – special approval**).

Category B Board Approval Matter means those matters designated as such in Part 1 of Schedule 3 (**Company conduct – special approval**).

Chairman means the chairman of the Board from time to time appointed under clause 5.3 (**Appointment of Chairman**).

Commencement Date means the date on which Implementation occurs.

Company means Austin Bidco Pty Ltd ACN 609 050 393.

Confidential Information means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between the parties or their agents before, on or after the date of this deed relating to the business, technology, contracts or other affairs of the Company or the Shareholders including:

- (a) the terms of this deed;
- (b) any information provided by the Company in clause 12 (**Information and reporting obligations**); and
- (c) all trade secrets, business plans, financial, marketing, systems, techniques, designs, technology, ideas, concepts, know how, techniques, designs, specifications, blueprints, tracings, diagrams, models, functions, capabilities and designs (including without limitation, computer software, manufacturing processes or other information embodied in drawings or specifications), intellectual property or any other information which is indicated to be subject to an obligation of confidence, owned or used by or licensed to the Company.

Contributing Shareholder has the meaning given to that term in clause 15.2(c).

Constitution means the constitution of the Company, as amended from time to time.

Control has the meaning given in section 50AA of the Corporations Act, and **Controller** has a corresponding meaning.

Corporations Act means *Corporations Act 2001* (Cth).

Deadlock has the meaning given to it in clause 23 (**Deadlocks**).

Deadlock Notice means a notice under clause 23.1 (**When a Deadlock arises**).

Deal with in relation to property (including a Share) means:

- (a) to create a Security Interest in the property;
- (b) to create an interest in, assign any benefit of or otherwise dispose of or deal with the property, other than to Transfer the property;
- (c) to agree to, or grant, any option which, if exercised, would enable a person to transfer or assign any benefit of or otherwise dispose of or deal with the property;
- (d) to transfer or to enter into any arrangement to transfer the economic benefit of property to another person;
- (e) to alienate, or create any entitlement to, a legal or beneficial interest or right in or in respect of that property (or any interest in it or any part of it) whether before, on or after the person obtains any interest in the property;
- (f) in relation to a Share, to grant to any person the right to exercise the voting rights of the Share, or to enter into any arrangement to exercise the voting rights of the Share in any way, such as by power of attorney, proxy or under s 250D of the Corporations Act, other than in accordance with the instructions of the Shareholder; or
- (g) to agree or offer to do any of the things listed in clauses (a) to (f).

Dealing in relation to property means an act that Deals with that property but does not Transfer that property.

Deed of Accession means a deed of accession in, or substantially in, the form set out in Schedule 5 (**Deed of Accession**).

Defaulting Shareholder has the meaning given to it in clause 24.1 (**Events of default**).

Director means a person appointed as a director of the Company from time to time.

Disputed Acquisition, Project or Change has the meaning given to that term in clause 23.3 (**Resolution of Deadlock in respect of a Category B Board Approval Matter (Disputed Acquisition, Project or Change)**).

Disputed Disposal or Change has the meaning given to that term in clause 23.3(b).

Dollars, A\$ and \$ means the lawful currency of Australia.

EBITDA means earnings before interest, tax, depreciation and amortisation, and in the case of the Group means the consolidated, audited earnings before interest, tax, depreciation and amortisation of the Group as set out in the Financial Statements for the Group and otherwise determined in accordance with this deed and the RollCo Constitution.

Event of Default has the meaning given to it in clause 24.1 (**Events of default**).

Financial Statements in relation to any period means:

- (a) a profit and loss statement for that period;
- (b) a balance sheet as at the end of that period;
- (c) a statement of cash flows for that period; and
- (d) if required by any Accounting Standard, a consolidated profit and loss statement, balance sheet and statement of cash flows in relation to that period,

together with any notes to those financial statements, a director's declaration in respect of those financial statements and notes (if required under the Corporations Act) and any other information necessary to give a true and fair view of the financial position and performance of the relevant entity or group.

Financial Year means:

- (a) each period of 12 months commencing on 1 January and ending on 31 December; and
- (b) the period commencing on the last 1 January before the date of termination of this deed and ending on that date of termination.

Fully Diluted Basis means calculating the number of Shares held by a Shareholder having regard to the total aggregate ordinary shares in the Company which would be on issue if all the Securities in the Company capable of conversion into or exercisable in exchange for ordinary shares (including, without limitation, preference shares, convertible bonds, convertible notes) were converted into or exchanged for Ordinary Shares.

FY16 Budget means the Budget in respect of FY16.

FY16 Hurdle Target Revenue means \$45,000,000 in Revenue.

FY16 Outperformance Target Revenue means \$54,050,000 in Revenue.

FY17 Budget means the Budget in respect of FY17.

FY17 Hurdle Target EBITDA means \$22,000,000 in EBITDA.

FY17 Hurdle Target Revenue means \$67,000,000 in Revenue.

FY17 Outperformance Target EBITDA means \$25,300,000 in EBITDA.

FY17 Outperformance Target Revenue means \$77,050,000 in Revenue.

Government Agency means a government or any governmental, semi-governmental, legislative, administrative, fiscal, quasi-judicial or judicial entity, authority, department or other body, whether foreign, federal, state, territorial or local (including any self-regulatory organisation established under statute or any stock exchange).

Group means the Company and each Subsidiary of the Company.

Group Company means each body corporate in the Group other than the Company.

Group Working Capital Facility means the Third Party Working Capital Facility or the Bidder Working Capital Facility (as applicable) as each is defined in the Scheme Implementation Deed dated 1 November 2015 (as amended) between the Target, REA and the Guarantor.

GST means a goods and services tax, or a similar value added tax, levied or imposed under the GST Law.

GST Law has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Guarantee means the guarantee in clause 25.

Guaranteed Obligations has the meaning given in clause 25.2.

Implementation means the implementation of the Scheme.

Initial Budget means the budget for the Financial Year commencing on 1 January 2016 in the Agreed Form.

Insolvency Event means the occurrence of any one or more of the following events in relation to any person:

- (a) an application is made to a court for an order that it be wound up, declared bankrupt or that a provisional liquidator or receiver or receiver and manager be appointed, and the application is not withdrawn, struck out or dismissed within 21 days of it being made;
- (b) a liquidator or provisional liquidator is appointed;
- (c) an administrator or a controller is appointed to any of its assets;
- (d) it enters into an arrangement or composition with one or more of its creditors, or an assignment for the benefit of one or more of its creditors;
- (e) it proposes a winding-up or dissolution or reorganisation, moratorium, deed of company arrangement or other administration involving one or more of its creditors;
- (f) it is insolvent as disclosed in its accounts, or otherwise states that it is insolvent, or it is presumed to be insolvent under an applicable law;

- (g) it becomes an Insolvent under Administration under the Corporations Act or action is taken which could result in that event;
- (h) it is taken to have failed to comply with a statutory demand as a result of s 459F(1) of the Corporations Act;
- (i) a notice is issued under ss 601AA or 601AB of the Corporations Act;
- (j) a writ of execution is levied against it or a material part of its property;
- (k) it ceases to carry on business or threatens to do so, other than for reorganisation or restructuring in accordance with the terms of this deed; or
- (l) anything occurs under the law of any jurisdiction which has a substantially similar effect to any of the above clauses of this definition.

Material Breach has the meaning given to it in clause 24.1 (**Events of default**).

Non-contributing Shareholder has the meaning given to that term in clause 15.2(c).

Notice has the meaning given to it in clause 31.4(a).

Officer means, in relation to a body corporate, a director or secretary of that body corporate.

Opex means operating expenditure of the Group from time to time.

Options has the meaning given to it in the RollCo Constitution

Ordinary Resolution means a resolution:

- (a) passed at a meeting by a majority of the votes cast by those persons present at that meeting (whether personally or by another) and entitled to vote on that resolution;
- (b) identified in a document where all of those persons entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document.

Outperformance Amount means, for each Share, Base Amount x 1.3225.

Permitted Transfer means a transfer in accordance with clause 19 (**Permitted Transfer**).

Permitted Transferee means:

- (c) if the Shareholder is a body corporate and there is no Ultimate Shareholder, an Affiliate of the Shareholder; or
- (d) if the Shareholder is a body corporate and the Ultimate Shareholder is a body corporate, an Affiliate of the Ultimate Shareholder.

PPS Act means the *Personal Property Securities Act 2009* (Cth).

PPS Law means:

- (a) the PPS Act;

- (b) any regulations made at any time under the PPS Act;
- (c) any legislative instrument made at any time under the PPS Act;
- (d) any amendment to any of the above, made at any time; or
- (e) any amendment made at any time to any other legislation as a consequence of a PPS Law referred to in paragraphs (a) to (d).

PPS Security Interest means a security interest as defined in the PPS Act.

Project means any endeavour by the Group to expand into geographical or functional markets in which it does not operate as at the Commencement Date, other than through an acquisition of an existing business or similar transaction.

REA Group means the Guarantor and each of its wholly and partly-owned Subsidiaries, and **REA Group Member** means any one of them.

Related Party has the meaning in section 228 of the Corporations Act.

Relevant Covenantor means:

- (a) each Substantial Shareholder; and
- (b) each Controller of a Substantial Shareholder,

and in relation to:

- (c) REA means each REA Group Member, but for the avoidance of doubt does not include News Corporation or any of its direct or indirect Subsidiaries, whether or not wholly-owned, other than the REA Group; and
- (d) RollCo, never means REA.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Relevant Proportion means in relation to a Shareholder, a Shareholder's holding of Shares divided by the total number of Shares on issue, calculated on a Fully Diluted Basis.

Remaining Shares has the meaning given to that term in clause 20.6.

Representative means the Chief Executive Officer (or equivalent) of each Shareholder.

Revenue means the consolidated, audited revenue of the Group as set out in the Group's Financial Statements and otherwise determined in accordance with this deed and the RollCo Constitution.

RollCo Constitution means the constitution of RollCo from time to time.

Sale of the Company means any of the following events:

- (a) any sale of all or a majority of all of the shares in or assets of the Company, Target or Group Company, or any transaction having a substantially similar effect;

- (b) a consolidation or merger of the Company or the Target with or into, or acquisition of, any other corporation or other entity or person, or any other corporate reorganisation, which results in the holders of all voting securities of the Company or the Target immediately before that consolidation, merger, acquisition or reorganisation having less than 50% of the voting power of the surviving entity (or its parent) immediately following that consolidation, merger, acquisition or reorganisation; or
- (c) a scheme of arrangement under which a person or group of associated persons buys more than 50% of the voting power of the Company or the Target or its successor in interest (if any) by way of a share cancellation, share buy-back, capital reduction or similar transaction involving the Company or the Target, which results in the holders of all voting securities of the Company or the Target immediately before that scheme of arrangement having less than 50% of the voting power of the surviving entity (or its parent) immediately following that scheme of arrangement .

Sale Proportion means the proportion of the Seller's Sale Shares that the Seller wishes to Transfer to a Third Party.

Sale Share means a Share held by a Seller which the Seller wishes to Transfer to Transfer under this deed.

Scheme means a members' scheme of arrangement under Part 5.1 of the Corporations Act between Target and its shareholders under which the Company acquires all of the shares in the Target that the REA Group does not already own.

Security has the meaning in section 92(3) of the Corporations Act.

Security Interest means:

- (a) any third party rights or interests including a mortgage, bill of sale, charge, lien, pledge, trust, encumbrance, power or title retention arrangement, right of set-off, assignment of income, garnishee order or monetary claim and flawed deposit arrangements or any arrangement having a similar effect; and
- (b) a PPS Security Interest,

and includes any agreement to create any of them or allow any of them to exist.

Seller means a Shareholder who wishes to Transfer its Shares voluntarily or a Shareholder who is required to Transfer its Shares under clause 24 (**Events of default**).

Share means a share in the Company.

Shareholder means a holder of Shares from time to time.

Shareholder Debt means in respect of a Shareholder or a B-Class Shareholder, the aggregate principal amount outstanding at that time of all advances provided to the Company or a Group Company by that Shareholder or B-Class Shareholder (as applicable).

Sole Risk Shareholder has the meaning given to that term in clause 23.3(a)(ii)(C).

Sole Risk SPV has the meaning given to that term in clause 23.3(a)(ii)(D).

Specified Price has the meaning given to that term in clause 20.2(b).

Subsequent Budget has the meaning given to it in clause 11.1 (**Initial Budget**).

Subsidiary has the meaning given to it in s 46 of the Corporations Act.

Substantial Shareholder means any person or entity that holds a Relevant Interest in a Shareholder of 5% or more and which, in the case of RollCo, means a Relevant Interest in 5% or more of the B-Class Shares.

Tag-along Acceptance Period means the period during which a Shareholder may respond to a Tag-along Advice, which starts on the date on which the Tag-along Advice was given to the Company and ends at 5pm on the date 20 Business Days later.

Tag-along Advice means a written notice pursuant to clause 21.2 that a Shareholder may give a Tag-along Notice to the Company within the Tag-along Acceptance Period.

Tag-along Notice means a written notice stating a Shareholder's wish to Transfer the Sale Proportion of its Shares to a Third Party on the same or more favourable terms as those of a Transfer of a Seller's Sale Shares to that Third Party under this deed.

Tag-along Put Option has the meaning given to that term in the RollCo Constitution.

Target means iProperty Group Limited ABN 99 126 188 538.

Target Group means the Target and each of its wholly and partly-owned Subsidiaries and **Target Group Member** means any one of them.

Target Share means a fully paid ordinary share in the capital of the Target.

Tax means a tax, levy, charge, impost, fee, deduction, withholding or duty of any nature, including, without limitation, stamp and transaction duty or any goods and services tax (including GST), value added tax or consumption tax which is imposed or collected by a Government Agency, except where the context requires otherwise. This includes, but is not limited to, any interest, fine, penalty, charge, fee or other amount imposed in addition to those amounts.

Territory means South-East Asia, which for the purposes of this deed:

- (a) includes Hong Kong, Taiwan and Macau; but
- (b) excludes any other parts of China, Japan and India.

Third Party means, a person who is not:

- (a) a Permitted Transferee of a Shareholder; or
- (b) an Associate or Affiliate of a Shareholder; or
- (c) any person with whom a Permitted Transferee or Third Party of a Shareholder acts in concert.

Threshold means any of the:

- (a) FY16 Hurdle Target Revenue;
- (b) FY16 Outperformance Target Revenue;
- (c) FY17 Hurdle Target EBITDA;

- (d) FY17 Hurdle Target Revenue;
- (e) FY17 Outperformance Target EBITDA; or
- (f) FY17 Outperformance Target Revenue.

Transaction includes any agreement, arrangement or understanding, or series of related agreements, arrangements or understandings (whether at one time or over a period of time), whether oral or written.

Transfer means to dispose of a legal or beneficial interest in.

Transfer Notice has the meaning given to it in clause 20.2 (**Seller must give Transfer Notice**).

Ultimate Shareholder in relation to Shares means the ultimate holding company of the Shareholder at the time the Shareholder first acquired or was issued:

- (a) those Shares; or
- (b) the right to acquire or have issued those Shares.

Unanimous Resolution means a resolution passed where there are no votes cast against the resolution.

2 Interpretation

In this deed the following rules of interpretation apply unless the contrary intention appears:

- (a) headings are for convenience only and do not affect the interpretation of this deed;
- (b) the singular includes the plural and vice versa;
- (c) words that are gender neutral or gender specific include each gender;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- (f) a reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
 - (ii) a thing (including, but not limited to, a chose in action or other right) includes a part of that thing;
 - (iii) a party includes its successors and permitted assigns;
 - (iv) a document includes all amendments or supplements to that document;
 - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to this deed;

- (vi) this deed includes all schedules and attachments to it;
- (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity or a rule of an applicable financial market and is a reference to that law as amended, consolidated or replaced;
- (viii) an agreement other than this deed includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
- (ix) a monetary amount is in Australian dollars;
- (g) an agreement on the part of two or more persons binds them jointly and severally;
- (h) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;
- (i) in determining the time of day, where relevant to this deed, the relevant time of day is:
 - (i) for the purposes of giving or receiving notices, the time of day where a party receiving a notice is located; or
 - (ii) for any other purpose under this deed, the time of day in the place where the party required to perform an obligation is located; and
- (j) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this deed or any part of it.

Schedule 2 Shares

Column 1	Column 2	Column 3
Name	Number	% of Fully Diluted Share Capital
REA	150,159,934 - 167,558,118	80 – 89.3
RollCo	20,141,799 - 37,539,983	10.7 – 20
TOTAL	187,699,917	100

Schedule 3 Company conduct – special approval

1 Part 1 – Board approval under clause 7.2

Category A Board Approval Matters

1.1 Adopt Budget

Approve any Budget, or vary or depart from any Budget where such variation or departure would be reasonably likely to impact Revenue or Opex by more than 5%.

Category B Board Approval Matters

1.2 Conducting business

Materially change the nature of the Business.

1.3 Transfer and Dealing with Assets

- (a) Acquisitions or disposals by the Group with either a book value or market value of more than US\$5 million in aggregate per annum that are not anticipated in the Budget.
- (b) Undertaking any Project by the Group with either book value or market value of more than US\$5 million in aggregate per annum that are not anticipated in the Budget.

2 Part 2 – Shareholder approval under clause 4

2.1 Winding up

Appoint a liquidator to the Company or propose a winding-up of the Company (whether voluntary or ordered by a court).

2.2 Company Constitution

Adopt, amend or replace the Company's Constitution or the constitution of any Group Company.

2.3 Rights of shares

Change the rights of Shares.

2.4 Sale of the Company

Sale of the Company.

2.5 Change Company name

Change the name of the Company.

2.6 Change of company type

Change the Company's type.

2.7 Transfer of registration

Transfer of the Company's registration.

2.8 Appoint auditor

Appoint any person as the auditor of a Group Company.

2.9 Capital reduction

Reduce the share capital of the Company, whether by buy-back, capital reduction or otherwise.

2.10 Financial assistance

Giving of financial assistance to a person to acquire shares in a Group Company.

2.11 Corporate reconstructions

Undertaking any restructure of the Group.

2.12 Ownership and share capital

Issue any Securities or grant any right to buy or subscribe for any Securities in a Group Company, other than pursuant to clause 16.1(b).

2.13 Discriminatory action

Any action or matter which, in the reasonable opinion of a Shareholder, discriminates against or adversely affects that Shareholder disproportionately more than other Shareholder (but other than by reason of the size of each Shareholder's shareholding only), and which is not an action or matter that has been remedied or is capable of being remedied:

- (a) under clause 23 (**Deadlocks**); or
- (b) by reason of the operation of Schedule 2 of the RollCo Constitution.

Schedule 4 Financial reporting

1 Financial reporting

1.1 Monthly reporting

No later than 10 Business Days after the beginning of each calendar month, an unaudited management report that includes:

- (a) Financial Statements for the previous month;
- (b) the key issues that have affected the Business of the Company and any Group Company during the previous month;
- (c) the key issues that are likely to affect the Business of the Company and any Group Company;
- (d) those matters on which the Board has requested a report, including the actual performance of the Company and any Group Company against any requirements (including any key performance indicators) established by the Board or senior management; and
- (e) details of any proposed revision of or variation or departure from the original Budget.

1.2 Quarterly reporting

No later than 10 Business Days after the beginning of each calendar quarter:

- (a) an unaudited financial report for the preceding quarter, including:
 - (i) a comparison for each Group Company, and the Company on a consolidated basis, of the actual financial performance against the Budget for:
 - (A) the relevant quarter; and
 - (B) the then current Financial Year to date;
 - (ii) an explanation of any difference shown by the comparison in paragraph (i); and
 - (iii) quarterly profit and loss forecasts and cash flow forecasts for each Group Company, and the Company on a consolidated basis for the following 12 months;
- (b) unaudited Financial Statements, which give a materially accurate view of the financial position and performance of the Company and the Company Group over:
 - (i) the quarter for which it was provided; and
 - (ii) the current Financial Year to date.

1.3 Half yearly and annual reporting

No more than 30 Business Days after the end of a Financial Year and financial half-year, an audited Financial Statement which:

- (a) gives a true and fair view of the financial position and performance of the Company and the Group Companies over that Financial Year or financial half-year (as applicable);
- (b) is prepared in accordance with the Accounting Standards; and
- (c) includes a comparison of actual performance against the Budget for that Financial Year or financial half-year (as applicable), and an explanation for any difference.

1.4 Books of account

The Company must maintain such books of account and records as are necessary to enable a Shareholder to prepare accounts which comply with the Accounting Standards.

Schedule 5 Deed of Accession

Date:

Parties

1. The parties named in Schedule 2 (each a **Continuing Party**)
2. [Insert name of acceding party] of [insert address] (Acceding Party)

The parties agree

1 Defined terms and interpretation

1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

- (a) which is defined in the Dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary; and
- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act.

1.2 Interpretation

The interpretation clause in Schedule 1 (**Dictionary**) sets out rules of interpretation for this deed.

2 Accession

The Acceding Party accedes to the Principal Deed on and from [*insert relevant date/describe events triggering accession*] (**Accession Date**).

3 Acceding Party to be bound

- (a) The Acceding Party is bound by all the terms of the Principal Deed from the Accession Date as if the Acceding Party were, from the Accession Date, a party to the Principal Deed with all the rights and obligations of a party holding the Acquired Securities.
- (b) The Acceding party assumes all of the liabilities and agrees to perform the obligations and duties under the Shareholders' Deed of the Shareholder whose Shareholding, or part of whose Shareholding, is to be sold, transferred or disposed of to the New Shareholder (if applicable).

4 Representations and warranties

Each party, if a body corporate, represents and warrants the following to each other party, to the extent relevant:

- (a) **registration:** it is a company duly registered and validly existing under the laws of the country of its registration;
- (b) **corporate power:** it has the corporate power to enter into and perform its obligations under this deed and to carry out the transactions contemplated by the Principal Deed;
- (c) **corporate action:** it has taken all necessary corporate action to authorise the entry into and performance of, this deed and to carry out the transactions contemplated by the Principal Deed;
- (d) **binding obligation:** this deed constitutes valid and binding obligations on it; and
- (e) **no contravention:** neither the execution and performance by it of this deed nor any transaction contemplated under the Principal Deed will violate in any respect any provision of:
 - (i) its constituent documents; or
 - (ii) any other document, agreement or other arrangement binding upon it or its assets.

5 General

5.1 Address of Acceding Party for notices

For the purposes of the Principal Deed the address of the Acceding Party to which all Notices must be delivered is:

[insert Acceding party's name]

Address: **[insert address]**

Fax Number: **[insert fax number]**

Attention: **[insert name]**

5.2 Counterparts

This deed may be executed in any number of counterparts, each of which, when executed, is an original. Those counterparts together make one instrument.

5.3 Governing law

This deed is governed by the laws of New South Wales.

5.4 Jurisdiction

Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales.

5.5 Variation

No variation of this deed is effective unless made in writing and signed by each party.

5.6 Costs, expenses and duties

Except as expressly provided in this deed, each party must pay its own costs and expenses of negotiating, preparing and executing this deed and any other instrument executed under this deed.

Schedule 1 — Dictionary

1 Dictionary

In this deed:

Accession Date has the meaning given to it in clause 2 (**Accession**).

Acquired Securities means the Securities issued to, transferred to or acquired by the Acceding Party in accordance with the terms of the Principal Deed.

Business Day has the meaning given in the Principal Deed.

Continuing Party means each party (whether an original party or a party by accession) to the Principal Deed, as listed in Schedule 2 (**Continuing Parties**)

Corporations Act means *Corporations Act 2001* (Cth).

Principal Deed means the Shareholders' Deed dated 7 December 2015 between the Company and the original securityholders of the Company, as amended from time to time, a copy of which is attached as Attachment A.

Securities has the meaning given in the Principal Deed.

2 Interpretation

In this deed the following rules of interpretation apply unless the contrary intention appears:

- (a) headings are for convenience only and do not affect the interpretation of this deed;
- (b) the singular includes the plural and vice versa;
- (c) words that are gender neutral or gender specific include each gender;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- (f) a reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
 - (ii) a thing (including, but not limited to, a chose in action or other right) includes a part of that thing;
 - (iii) a party includes its successors and permitted assigns;
 - (iv) a document includes all amendments or supplements to that document;
 - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to this deed;

- (vi) this deed includes all schedules and attachments to it;
- (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced;
- (viii) an agreement other than this deed includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
- (ix) a monetary amount is in Australian dollars;
- (g) an agreement on the part of two or more persons binds them severally;
- (h) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;
- (i) in determining the time of day, where relevant to this deed, the relevant time of day is:
 - (i) for the purposes of giving or receiving notices, the time of day where a party receiving a notice is located; or
 - (ii) for any other purpose under this deed, the time of day in the place where the party required to perform an obligation is located; and
- (j) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this deed or any part of it.

Schedule 2 — Continuing Parties

[insert name of continuing party] of *[insert Address]*.

[insert name of continuing party] of *[insert Address]*.

Execution page

Executed as a deed.

[Insert execution blocks for each party.]

Signed sealed and delivered by #name# in the presence of:

Signature of witness

#insert name#

Name of witness (print)

Signed and delivered by #company name# in accordance with section 127 of the *Corporations Act 2001* (Cth) and by:

Signature of director

Signature of director/secretary

Name of director (print)

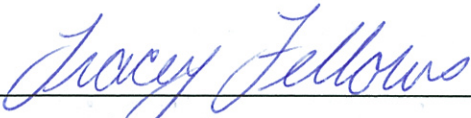
Name of director/secretary (print)

Attachment A — Principal Deed

Execution page

Executed as a deed.

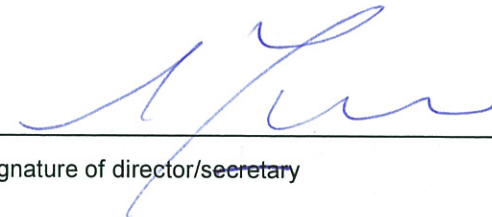
Executed by
Austin Bidco Pty Ltd
in accordance with section 127 of the
Corporations Act 2001 (Cth):



Signature of director

TRACEY FELLOWS

Name of director (print)

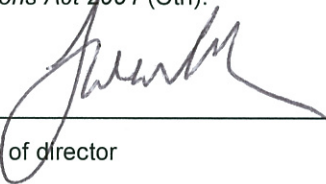


Signature of director/secretary

SARAH TURNER

Name of director/secretary (print)


Executed by
realestate.com.au Pty Limited
in accordance with section 127 of the
Corporations Act 2001 (Cth):



Signature of director

OWEN WILSON

Name of director (print)

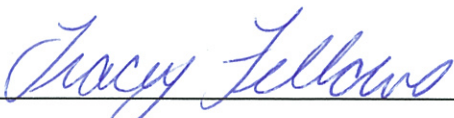


Signature of director/secretary

SARAH TURNER

Name of director/secretary (print)

Executed by
Austin Rollco Limited
in accordance with section 127 of the
Corporations Act 2001 (Cth):



Signature of director

TRACEY FELLOWS

Name of director (print)

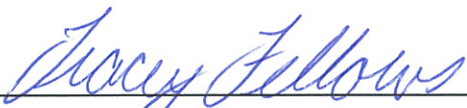


Signature of director/secretary

SARAH TURNER

Name of director/secretary (print)

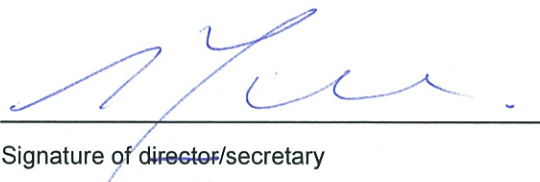
Executed by
REA Group Limited
in accordance with section 127 of the
Corporations Act 2001 (Cth):



Signature of director

TRACEY FELLOWS

Name of director (print)



Signature of director/secretary

SARAH TURNER

Name of director/secretary (print)

Annexure 8

Rollco Constitution

Constitution

Austin Rollco Limited
ACN 609 413 505

(a public company limited by shares)

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Austin Rollco Limited

ACN 609 413 505

A public company limited by shares

Constitution

1 Dictionary

The Dictionary in Schedule 1:

- (a) defines some of the terms used in this constitution;
 - (b) sets out the rules of interpretation which apply to this constitution; and
 - (c) clarifies the effect of the Corporations Act on this constitution.
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2 Conversion to proprietary company

If at any time the Company has less than 50 Shareholders, the Company and its Shareholders will take all necessary or desirable actions to promptly convert the Company to a proprietary company limited by shares, and make all necessary amendments to this constitution to give effect to that change.

3 Share capital

3.1 Shares

The directors may not issue any securities in the capital of the Company other than A-Class Shares or B-Class Shares in accordance with rules 3.3 and 3.4, except that further B-Class Shares or other securities may be issued to B-Class Shareholders if agreed by the parties to, or expressly required or contemplated under, the Shareholders' Deed or this constitution.

3.2 Certificates

Each Shareholder is entitled without payment to receive a certificate for shares issued as required under the Corporations Act.

3.3 A-Class Shares

- (a) Subject to rule 3.4(a), until the earlier of:
 - (i) the date on which the A-Class Shareholder has acquired all of the B-Class Shares; and

- (ii) the date on which acquisitions to be made pursuant to the Call Option are required to be completed,

the Company must issue one A-Class Share only, to be held by REA upon incorporation of the Company.

- (b) If the Company has no B-Class Shares on issue, A-Class Shares will have the same rights as an ordinary share. If the Company has one or more B-Class Shares on issue, A-Class Shares will have the same rights as ordinary shares but for the following rights and restrictions:

- (i) **no dividends or distributions:** the first A-Class Share which an A-Class Shareholder holds bears no rights to receive any dividends or distributions of the Company on the first A-Class Share held by a Shareholder;
- (ii) **no participation in surplus assets and profits:** the first A-Class Share which an A-Class Shareholder holds bears no rights to participate in the profits or property of the Company;
- (iii) **voting in relation to directors:** until such time as there are no B-Class Shares on issue, no right to vote in relation to the appointment or removal of directors; and
- (iv) **voting generally:** no general right to vote, provided that the A-Class Shareholder may vote to veto a resolution on a matter that is inconsistent with the Shareholders' Deed or adverse to its interests from time to time as a shareholder of the Company, having regard to the tenor and intention of this constitution and the Shareholders' Deed, and which vote by the A-Class Shareholder will be effective to veto the relevant matter regardless of the number or proportion of the votes recorded in favour of the resolution, including in relation to the following matters where a proposed change would be adverse to the interests of the A-Class Shareholder, each of which must be approved by the A-Class Shareholder before being implemented by the board of the Company:
 - (A) appoint a liquidator to the Company or propose a winding-up of the Company (whether voluntary or ordered by a court);
 - (B) any resolution required to be passed under Chapter 2E of the Corporations Act;
 - (C) adopt, amend or replace this constitution;
 - (D) change the rights of Shares;
 - (E) appoint any person as the auditor of the Company (other than an appointment of Ernst & Young which the A-Class Shareholder may not veto);
 - (F) giving of financial assistance to a person to acquire Shares;
 - (G) sale of the Company or material variation to its business;
 - (H) change the name of the Company;
 - (I) change the Company's type;

- (J) transfer of the Company's registration;
- (K) reduce the share capital of the Company, whether by buy-back, capital reduction or otherwise
- (L) declare or pay any distribution; and
- (M) issue any Shares.

notwithstanding the above, the A-Class Shareholder may not veto a resolution in relation issuing Shares if agreed by the parties to, or required or contemplated under the Shareholders' Deed or this constitution.

3.4 B-Class Shares

The Company may issue B-Class Shares to Scheme Shareholders in accordance with the Scheme. B-Class Shares will have the same rights as ordinary shares but for the following rights and restrictions:

- (a) **re-classification as A-Class Shares:** a B-Class Share will be automatically re-classified as an A-Class Share:
 - (i) it is held by a holder of an A-Class Share; or
 - (ii) it is purchased by a Third Party (as defined in the Shareholders' Deed) pursuant to clause 21 of the Shareholders' Deed;
- (b) **voting restriction:** each B-Class Share bears one voting right, provided that a B-Class Shareholder must not vote on a matter to achieve an outcome which is inconsistent with the agreement of the Shareholders, the Company and REA evidenced by the terms of this constitution and the Shareholders' Deed, including in relation to the following matters where a proposed change would be adverse to the interests of the A-Class Shareholder, each of which must be approved by the A-Class Shareholder before being implemented by the board of the Company:
 - (i) appoint a liquidator to the Company or propose a winding-up of the Company (whether voluntary or ordered by a court);
 - (ii) any resolution required to be passed under Chapter 2E of the Corporations Act;
 - (iii) adopt, amend or replace this constitution;
 - (iv) change the rights of Shares;
 - (v) appoint any person as the auditor of the Company (other than an appointment of Ernst & Young which the A-Class Shareholder may not veto);
 - (vi) giving of financial assistance to a person to acquire Shares;
 - (vii) sale of the Company or material variation to its business;
 - (viii) change the name of the Company;
 - (ix) change the Company's type;
 - (x) transfer of the Company's registration;

- (xi) reduce the share capital of the Company, whether by buy-back, capital reduction or otherwise
- (xii) declare or pay any distribution; and
- (xiii) issue any Shares;

notwithstanding the above, the B-Class Shareholders are not restricted in voting in relation to issuing Shares if agreed by the parties to, or required or contemplated under the Shareholders' Deed.

- (c) **Call Option:** each B-Class Share is at all times subject to each of the Call Option, Accelerated Call Option, Company Default Call Option and Shareholder Default Call Option.

3.5 Joint holders of Shares

Where two or more persons are registered as the holders of a Share they hold it as joint tenants with rights of survivorship subject to the following provisions:

- (a) the Company is not bound to register more than three of those persons as joint holders of the Share;
- (b) each of those persons and their respective legal personal representatives are liable severally as well as jointly for all payments, including calls, which ought to be made in respect of the Share;
- (c) subject to paragraph (b), on the death of any one of them the Company is entitled to recognise the survivor or survivors as the only person or persons who have any title to the Share;
- (d) any one of those persons may give effective receipts for any dividend, interest or other distribution or payment in respect of the Share;
- (e) where the Corporations Act requires the number of Shareholders to be counted, they are counted as one Shareholder; and
- (f) the Company is not bound to issue more than one certificate for the Share and delivery of a certificate to any one of those persons is sufficient delivery to all of them.

3.6 Equitable interests in Shares

- (a) The Company may treat the registered holder of a Share as the absolute owner of that Share.
- (b) The Company is not bound by or compelled in any way to recognise an equitable, contingent, future, partial or other right or interest in a Share or unit of a Share, even if the Company has notice of that right or interest.
- (c) With the consent of the directors, Shares held by a trustee may be marked in the register in such a way as to identify them as being held subject to the relevant trust.
- (d) Nothing in paragraph (c) limits paragraph (a).

3.7 No exercise of compulsory acquisition rights

- (a) Subject to paragraph (b), no Shareholder of the Company may exercise any compulsory acquisition rights which it may have from time to time under the Corporations Act in respect of any Shares.
- (b) The A-Class Shareholder may exercise compulsory acquisition rights under the Corporations Act where such exercise is required to acquire a holding of Shares that the A-Class Shareholder could acquire through the exercise of the Call Option, Accelerated Call Option, Company Default Call Option and Shareholder Default Call Option were it not for the breach of the terms of such call option by the counterparty.

4 Indemnities

4.1 Indemnity for payments by the Company

- (a) A Shareholder or, if the Shareholder is dead, the Shareholder's legal personal representative, must indemnify the Company against any liability which the Company has under any law to make a payment for or on account of that Shareholder including in respect of:
 - (i) Shares held by that Shareholder, solely or jointly;
 - (ii) a transfer or transmission of Shares by a Shareholder; or
 - (iii) dividends, bonuses or other money owed to the Shareholder.
- (b) Paragraph (a) includes, without limitation, a payment arising from:
 - (i) the death of that Shareholder;
 - (ii) the non-payment of any income tax, capital gains tax, wealth tax or other tax by that Shareholder or the legal personal representative of that Shareholder; or
 - (iii) the non-payment of any estate, probate, succession, death, stamp or other duty by that Shareholder or the legal personal representative of that Shareholder.
- (c) The Shareholder or, if the Shareholder is dead, the Shareholder's legal personal representative, must pay to the Company immediately on demand:
 - (i) the amount required to reimburse the Company for a payment described in paragraph (a); and
 - (ii) interest on any part of that amount which is unpaid from the date the Company makes the payment until the date the Company is reimbursed in full for that payment, at a rate fixed by the directors or in any other case 10% per annum. Interest payable accrues daily and may be capitalised monthly or at other intervals the directors think fit.
- (d) This rule 4.1 is in addition to any right or remedy the Company may have under the law which requires it to make the payment.

- (e) The directors may:
 - (i) exempt a share from all or any part of this rule 4.1; and
 - (ii) waive or compromise all or any part of any payment due to the Company under this rule 4.1.
-

5 Put Option

The A-Class Shareholder hereby irrevocably grants to each B-Class Shareholder rights to require the A-Class Shareholder to buy its:

- (a) First Option Shares for the First Option Exercise Price (**First Put Option**); and
 - (b) Second Option Shares for the Second Option Exercise Price (**Second Put Option**),
- on and subject to the terms and conditions of this constitution.
-

6 Call Option

Each B-Class Shareholder hereby irrevocably grants to the A-Class Shareholder certain rights to require it to sell to the A-Class Shareholder its Second Option Shares for the Second Option Exercise Price (**Call Option**), on and subject to the terms and conditions of this constitution.

7 Exercise of First Put Option, Second Put Option and Call Option

7.1 Cancellation of Options

Upon exercise of an Option in respect of B-Class Shares, all other Options which apply in respect of those shares are cancelled (in respect of those Shares).

7.2 Determination of Option Exercise Prices

- (a) REA must, within 10 Business Days after the date on which each of the FY16 Financial Statements and FY17 Financial Statements (as applicable) are delivered to shareholders of BidCo, procure that BidCo delivers to the Company a draft statement setting out:
 - (i) either the First Option Exercise Price or the Second Option Exercise Price, as relevant; and
 - (ii) details and explanation as to any adjustments that have been made to Revenue and EBITDA shown in the relevant Financial Statements in determining either the First Option Exercise Price or the Second Option Exercise Price,

(**Preliminary Option Exercise Price**).
- (b) The Preliminary Option Exercise Price must be determined on the basis of the policies, methodologies and principles described in Schedule 2.

- (c) The procedure set out in Schedule 3 applies to the review, acceptance and finalisation of the Option Exercise Prices.

7.3 Notice of the Final Option Exercise Price

- (a) Upon completion of the process set out in Schedule 3, within 2 Business Days of the Final Option Exercise Price being determined, the Company must issue a statement to each B-Class Shareholder setting out:
 - (i) in respect of FY16, the First Option Exercise Price; and
 - (ii) in respect of FY17, the Second Option Exercise Price;in each case, with the relevant Option Exercise Price being the price determined according to Schedule 3.
- (b) The statement sent to B-Class Shareholders under paragraph (a) must include sufficient information as to how the B-Class Shareholders may exercise the Relevant Option in accordance with the terms of this constitution.

7.4 First Put Option Exercise

- (a) The First Put Option can only be exercised during the First Option Period.
- (b) To exercise the First Put Option, each relevant B-Class Shareholder must deliver to the directors, who must promptly deliver to the A-Class Shareholder, an Option Exercise Notice during the First Option Period and which delivery in either case (whether or not conventionally executed) will be immediately binding in respect of relevant B-Class Shareholder.
- (c) If the First Put Option is not exercised in accordance with rule 7.4(b) on or before the expiry of the First Option Period, the First Put Option will lapse.
- (d) Once given, an Option Exercise Notice is irrevocable.

7.5 Second Put Option Exercise

- (a) Subject to rule 8, the Second Put Option can only be exercised during the Second Option Period.
- (b) To exercise the Second Put Option, each relevant B-Class Shareholder must deliver to the directors, who must promptly deliver to the A-Class Shareholder, an Option Exercise Notice during the Second Option Period and which delivery (whether or not conventionally executed) will be immediately binding in respect of relevant B-Class Shareholder.
- (c) Once given, an Option Exercise Notice is irrevocable.
- (d) An Option Exercise Notice may be given in respect of all (but not some) of the Second Option Shares.

7.6 Call Option Exercise

- (a) If a B-Class Shareholder has not exercised the Second Put Option at the end of the Second Option Period, the Call Option must be exercised by the A-Class Shareholder within 2 Business Days after the end of the Second Option Period.

- (b) To exercise the Call Option, the A-Class Shareholder must deliver to each the Company an Option Exercise Notice in respect of each B-Class Shareholders' Shares within 2 Business Days after the Second Option Period.
 - (c) Once given, an Option Exercise Notice is irrevocable.
 - (d) An Option Exercise Notice may be given in respect of all (but not some) of the Second Option Shares.
-

8 Additional Options

8.1 Emergency Put Option

- (a) Any time after 31 December 2016, or within 20 Business Days of receiving notice under paragraph (d), each B-Class Shareholder may, by issuing an Option Exercise Notice, require the A-Class Shareholder to buy all of their B-Class Shares at the Emergency Option Amount (**Emergency Put Option**).
- (b) The REA Group must ensure that the Net Leverage Ratio does not exceed 3.5:1. Any failure to do so will constitute an **REA Covenant Breach**.
- (c) REA must immediately notify the Company if an REA Covenant Breach occurs or is reasonably likely to occur.
- (d) If the Company is notified of an REA Covenant Breach pursuant to rule 8.1(c), the Company must provide written notice to the B-Class Shareholders of the REA Covenant Breach within 2 Business Days.
- (e) An Option Exercise Notice given under paragraph (a) is irrevocable.
- (f) An Option Exercise Notice given under paragraph (a) by a B-Class Shareholder must be for all (but not some only) of the B-Class Shares held by that B-Class Shareholder at the date of the notice.

8.2 Accelerated Call Option

- (a) At any time the A-Class Shareholder may, by issuing an Option Exercise Notice, require all the B-Class Shareholders to sell to the A-Class Shareholder all of their B-Class Shares at the Outperformance Amount (**Accelerated Call Option**).
- (b) An Option Exercise Notice given under paragraph (a) is irrevocable.
- (c) An Option Exercise Notice given under paragraph (a) must be for all (but not some only) of the B-Class Shares on issue at the date of the notice.

8.3 Tag-along Put Option

- (a) If the A-Class Shareholder has provided a Tag-along Advice pursuant to clause 21 of the Shareholders' Deed, each B-Class Shareholder may, by issuing an Option Exercise Notice, require the A-Class Shareholder to buy all of their B-Class Shares at the Outperformance Amount (**Tag-along Put Option**).
- (b) An Option Exercise Notice given under paragraph 8.2(a) is irrevocable.
- (c) An Option Exercise Notice given under paragraph 8.2(a) must be for all (but not some only) of the B-Class Shareholders Shares on issue at the date of the notice.

9 Exercise of Options

9.1 Time of exercise

An Option is taken to have been exercised at the time when a signed Option Exercise Notice is deemed to have been received by the recipient in accordance with rule 22.

9.2 Shareholders bound

Upon exercise of an Option the relevant B-Class Shareholder, as seller, and the A-Class Shareholder, as buyer, are immediately bound under a contract for the sale and purchase of the Option Shares that are the subject of that exercise, on the terms specified in rule 10.

9.3 Transfer free from Security Interests

Any Options Shares transferred pursuant to an Option must be, and the relevant B-Class Shareholder will procure that they are, transferred free from any Security Interests and with all rights, including dividend rights, attached or accruing to them on and from the date of exercise of the relevant Option.

10 Option Completion

10.1 Company granted power of attorney

Each B-Class Shareholder appoints the Company as its agent and attorney to execute all documents and do all things which are required or the Company considers desirable to undertake the transactions contemplated by rule 9.2 and take the steps required in this rule 10.

10.2 Time and place of completion

If an Option is exercised, completion of the sale and purchase of the Option Shares will take place at 10.00am on the Option Completion Date at the offices of Gilbert + Tobin, 101 Collins Street Melbourne, Victoria or such other time and place as the A-Class Shareholder and the relevant B-Class Shareholder may agree.

10.3 Transfer of Option Shares

On completion of the sale and purchase of the relevant Option Shares in respect of an exercised Option the relevant B-Class Shareholder must deliver to the A-Class Shareholder an instrument of transfer for the Option Shares duly executed by it as the transferor.

10.4 Payment of Exercise Price

In respect of a transfer of Option Shares under rule 10.3 arising in respect of the exercise of an Option, the A-Class Shareholder must pay to the relevant B-Class Shareholder the Option Exercise Price in Immediately Available Funds.

10.5 Title and ownership

All rights, including dividend rights and beneficial and legal ownership, attached to or accruing to the Option Shares to be transferred in respect of the exercise of an Option,

will be transferred to the A-Class Shareholder on the Option Completion Date in respect of that Option and otherwise on the terms and conditions of this constitution.

10.6 Interdependence

- (a) The obligations of the A-Class Shareholder and the relevant B-Class Shareholder under rules 10.3 and 10.4 (respectively) in respect of an exercised Option are interdependent.
- (b) Completion of the sale and purchase of the Option Shares in respect of an exercised Option will not occur unless all of the obligations of the A-Class Shareholder and the relevant B-Class Shareholder under rules 10.3 and 10.4 (respectively) are complied with and are fully effective.
- (c) Notwithstanding any other rule in this constitution, completion and registration of any transfer of B-Class Shares to the A-Class Shareholder shall not take place unless and until payment in respect of such transfer has been made to the relevant B-Class Shareholder.

11 Competition

Each Covenantor agrees to be bound by clause 22 of the Shareholders' Deed, to the extent it is a Bound Party (as defined in the Shareholders' Deed), and the A-Class Shareholder may, under this constitution, directly enforce the terms of clause 22 of the Shareholders' Deed against any other Covenantor who does not comply with the terms of that clause.

12 General obligations regarding Shares

12.1 Transfer of or dealing with Shares generally

- (a) Subject to rules 12.1(b) and 12.1(c), a Shareholder must not Transfer or Deal in any of its Shares other than in accordance with:
 - (i) rule 3.7(b);
 - (ii) the exercise of an Option;
 - (iii) rule 13;
 - (iv) rule 14.5; or
 - (v) consent of the A-Class Shareholder if the proposed transferor is a B-Class Shareholder and the Company if the proposed transferor is an A-Class Shareholder.
- (b) Any Transfer of B-Class Shares (other than pursuant to rule 3.7(b), 13, 14.5 or the exercise of an Option) representing 5% or more of the issued B-Class Shares of the Company (calculated by reference to the number of B-Class Shares on issue as at Commencement, and disregarding the effect of any exercised Option) requires the consent of the A-Class Shareholder, whether undertaken in a single transaction or a series of transactions. Any person to whom B-Class Shares are, or have been, transferred that contribute (in whole or in part) to a breach of this rule 12.1(b) will be a **Breach Transferee**.

- (c) Despite any other rule in this constitution or the Shareholders' Deed, any B-Class Shareholder may transfer B-Class Shares without restriction or being in default under any provision of this constitution or the Shareholders' Deed, if:
 - (i) at any time those B-Class Shares were the subject of exercise of an Option and the A-Class Shareholder has failed to pay the consideration in respect of those B-Class Shares payable by the time set for payment under this constitution, and has failed to remedy such failure within 10 Business Days of the B-Class Shareholder issuing the A-Class Shareholder with written notice to do so; or
 - (ii) if the A-Class Shareholder has failed to exercise the Call Option in respect of those B-Class Shares by the date on which that Call Option must be exercised, and has failed to remedy such failure within 10 Business Days of the B-Class Shareholder issuing the A-Class Shareholder with written notice to do so.

12.2 Effect of Transfer on application of this constitution

A Shareholder must not Transfer a Share to any person who has not, before the Transfer, agreed in writing to be bound by this constitution.

12.3 Company's obligations in relation to Share Transfer

- (a) If a Shareholder Transfers its Shares to a person in accordance with this constitution:
 - (i) the Company must register that transaction as soon as possible after receiving the proper instrument of transfer, duly executed; and
 - (ii) unless this constitution otherwise provides, that person is entitled to the same rights and assumes the same obligations under this constitution as were enjoyed or suffered by the transferring Shareholder, to the exclusion of the transferring Shareholder, except rights arising from the number of Shares held.
- (b) Despite any provision in this constitution, the Company must not register a transaction referred to in rule 12.3(a) if the transferring Shareholder did not Transfer its Shares in accordance with this constitution.

13 Permitted Transfer

13.1 Transfer of all Shares only

A Shareholder who wishes to Transfer any of its Shares under this rule 13 may Transfer all of its Shares, but not some of its Shares, in accordance with this rule 13.

13.2 Permitted Transfer

A Shareholder may Transfer its Shares in accordance with this rule 13 to a Permitted Transferee of that Shareholder provided that in the case of the A-Class Shareholder, the Guarantor's obligations under the Shareholders' Deed continue in full force and effect or are otherwise assumed by an entity of equivalent financial substance to the Guarantor.

13.3 Permitted Transferee ceases to be Permitted Transferee

If a Shareholder to whom Shares were Transferred under rule 13.2 then ceases to be a Permitted Transferee:

- (a) that Shareholder must immediately take all steps necessary to Transfer those Shares under this rule 13 to a Permitted Transferee in respect of the initial Shareholder; and
- (b) the rights attaching to a Share are suspended until that Share has been Transferred in accordance with paragraph (a).

13.4 Security Interest over Put Options

Despite any other provision of this constitution, each B-Class Shareholder may permit a Security Interest to exist over its Put Options or the proceeds from the exercise of any Option to the extent that any such Security Interest does not adversely affect the ability to exercise any Put Option and any Security Interest applies only to that B-Class Shareholder's entitlement to receive payment for its B-Class Shares and not any rights attaching to those B-Class Shares, supported solely by a limited power of attorney granted in favour of the relevant financier to permit that financier to exercise the Put Options.

14 Transfer and transmission of shares

14.1 Transfer of Shares

- (a) Subject to this constitution and to the rights or restrictions attached to any shares or class of shares, a Shareholder may transfer all or any of the Shareholder's shares by written instrument in any usual form or in any other form that the directors approve.
- (b) A transferor of shares remains the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the register of Shareholders in respect of the shares.
- (c) The Company must not charge a fee for the registration of a transfer of shares.
- (d) An instrument of transfer referred to in paragraph (a) must be signed by or on behalf of both the transferor and the transferee unless the transfer:
 - (i) relates only to fully paid shares and signature by the transferee has been dispensed with by the directors; or
 - (ii) is a sufficient transfer of marketable securities for the purposes of the Corporations Act.
- (e) An instrument of transfer referred to in paragraph (a) must be duly stamped if required by law to be stamped.
- (f) An instrument of transfer referred to in paragraph (a) must be lodged for registration at the registered office of the Company, or at such other place as the directors determine, accompanied by any evidence which the directors require to prove the title of the transferor or the transferor's right to the shares including the share certificate, if any, and to prove the right of the transferee to be registered as the owner of the shares.

- (g) Subject to the powers vested in the directors under rules 14.2 and 14.3, where the Company receives an instrument of transfer complying with paragraphs (d), (e) and (f), the Company must register the transferee named in the instrument as the holder of the shares to which it relates.
- (h) The Company may retain any registered instrument of transfer received by the Company under paragraph (f) for any period as the directors think fit.
- (i) Except in the case of fraud, the Company must return any instrument of transfer received under paragraph (f) which the directors decline to register to the person who deposited it with the Company.
- (j) The directors may, to the extent permitted by law, waive all or any of the requirements of this rule 14.1.

14.2 Power to decline registration of transfers

- (a) The Company may decline to register an instrument of transfer received under rule 14.1(f) if:
 - (i) the transfer is not in registrable form;
 - (ii) the shares are not fully paid;
 - (iii) the Company has a lien on the shares; or
 - (iv) the directors have not been given any further information they reasonably require to establish the right of the person transferring the shares to make the transfer.
- (b) Subject to paragraph (c), if the Company declines to register a transfer the Company must send to the transferee notice of the refusal within two months after the date on which the transfer was lodged.
- (c) The Company's decision to decline to register the transfer is not invalidated if the Company fails to give a notice under paragraph (b).

14.3 Power to suspend registration of transfers

The directors may suspend the registration of transfers at the times and for the period the directors think fit, but the period of suspension must not exceed a total of 30 days in any year.

14.4 Transmission of shares

- (a) In the case of the death of a Shareholder, the only persons the Company will recognise as having any title to the Shareholder's shares or any benefits accruing in respect of those shares are:
 - (i) the legal personal representative of the deceased where the deceased was a sole holder; and
 - (ii) the survivor or survivors where the deceased was a joint holder.
- (b) Nothing in paragraph (a) releases the estate of a deceased Shareholder from any liability in respect of a share, whether that share was held by the deceased solely or jointly with other persons.

- (c) A person who becomes entitled to a share as a result of a Transmission Event may elect:
 - (i) to be registered as the holder of the share by signing and serving on the Company a written notice stating that election; or
 - (ii) to have some other person nominated by that person registered as the transferee of the share by executing or otherwise effecting a transfer of the share to that other person,

after producing any evidence the directors require to prove that person's entitlement to the share, including the certificate for the share.
- (d) The provisions of this constitution relating to the right to transfer, and the registration of transfers of, shares apply, so far as they can and with the changes as are necessary, to any transfer under paragraph (c)(ii) as if the relevant Transmission Event had not occurred and the transfer were executed or effected by the registered holder of the share.
- (e) If two or more persons become jointly entitled to a share under a Transmission Event, on registration as the holders of the share, those persons are taken to hold the share as joint tenants subject to rule 3.5.
- (f) Despite paragraph (a), the directors may register a transfer of shares signed by a Shareholder before a Transmission Event even though the Company has notice of the Transmission Event.

14.5 Dealing with a Share

- (a) Subject to rule 14.5(b), a Shareholder must not create a Security Interest in favour of any person in relation to a Share unless:
 - (i) that person has executed a deed poll in favour of the Company, under which that person agrees to comply with this rule 14 as if that person were a Shareholder; and
 - (ii) all other Shareholders have given their prior written consent to the creation of that Security Interest.
- (b) Despite rule (a), a B-Class Shareholder may permit a Security Interest to exist over that B-Class Shareholder's Shares, provided that the terms of any such Security Interest:
 - (i) are disclosed to the Company and the A-Class Shareholder in writing prior to the Security Interest being granted in favour of its beneficiary;
 - (ii) only give the beneficiary of the Security Interest the right to give notice to dispose of, and dispose of, B-Class Shares in accordance with this constitution;
 - (iii) do not permit the beneficiary of the Security Interest to exercise any rights with respect to the voting, governance or any other control of the Company at any time;
 - (iv) are supported solely by a limited power of attorney granted in favour of the relevant beneficiary to permit that beneficiary to give notice to dispose of, and dispose of, B-Class Shares in accordance with this constitution; and

- (v) provide that the relevant Security Interest is automatically discharged and released immediately upon exercise by the beneficiary in accordance with this rule 14.5(b).

15 Events of default

15.1 Events of default

- (a) Subject to rule 15.1(b), the A-Class Shareholder and/or the Company becomes a **Defaulting Party**, and it is an **Event of Default**, if:
 - (i) in the case of the A-Class Shareholder, BidCo, the A-Class Shareholder or the Guarantor becomes a Defaulting Party under the Shareholders' Deed;
 - (ii) in the case of the Company, the Company becomes a Defaulting Party under the Shareholders' Deed;
 - (iii) that party materially breaches this constitution (**Material Breach**) and:
 - (A) the other party gives written notice of the breach to that party; and
 - (B) that party does not remedy the breach within 20 Business Days of the date of that notice;
 - (iv) that party breaches an obligation under rule 11;
 - (v) that party breaches an obligation under rule 12.1;
 - (vi) that party is prohibited from being a Shareholder in the Company by a change in any law;
 - (vii) an Insolvency Event occurs in relation to that party, or additionally in the case of the A-Class Shareholder, the Guarantor;
 - (viii) that party is a corporation and, except as a result of the exercise of Options:
 - (A) it becomes a Subsidiary of another corporation;
 - (B) there is a change in the power directly or indirectly to affect the management or policies of that Shareholder or to control the membership of its board of directors; or
 - (C) there is a change in more than 50% of the legal or beneficial ownership of that Shareholder's shares, voting rights, rights to receive income or capital and rights to appoint directors; or
 - (ix) in the case of the Company, this constitution or any other constituent or other governing document of the Company (which may include, without limitation, a shareholders' agreement or any other equivalent or analogous document) is varied without BidCo's prior written consent.
- (b) A B-Class Shareholder who holds 5% or more of the B-Class Shares on issue becomes a **Defaulting Party**, and it is an **Event of Default**, if:
 - (i) that B-Class Shareholder materially breaches this constitution (**Material Breach**) and:

- (A) the Company or another Shareholder gives written notice of the breach to that party; and
- (B) that B-Class Shareholder does not remedy the breach within 20 Business Days of the date of that notice;
- (ii) that B-Class Shareholder materially breaches an obligation under rule 11; or
- (iii) that B-Class Shareholder breaches an obligation under rule 12.1.
- (c) Despite any other provision of this constitution, it will not be an Event of Default if a transaction of the nature described in rule 15.1(a)(viii) occurs in respect of the A-Class Shareholder and such transaction is undertaken by News Corporation or any of its direct or indirect Subsidiaries, whether or not wholly-owned, provided that the Guarantor's obligations under the Shareholders' Deed continue in full force and effect or are otherwise assumed by an entity of equivalent financial substance to the Guarantor.

15.2 Notice of Event of Default

- (a) If the Defaulting Party is a Shareholder:
 - (i) the Defaulting Party must provide written notice to the Company of the Event of Default immediately after the Event of Default; and
 - (ii) the Company must provide written notice to any of the Shareholder that is not a Defaulting Party within 2 Business Days of the Company receiving notice under paragraph (i).
- (b) If the Defaulting Party is the Company, the Company must provide written notice to the Shareholders of the Event of Default immediately after the Event of Default.

15.3 Consequences of Event of Default

- (a) If the Defaulting Party is the Company, at any time within 20 days of the Company providing the A-Class Shareholder with notice under rule 15.2(b), the A-Class Shareholder may, by issuing an Option Exercise Notice, require all B-Class Shareholders to sell to the A-Class Shareholder all of their B-Class Shares at the Base Amount (**Company Default Call Option**).
- (b) If the Defaulting Party is the A-Class Shareholder, at any time within 20 days of the Company providing each B-Class Shareholder notice under rule 15.2(a)(ii), each B-Class Shareholder may, by issuing an Option Exercise Notice, require the A-Class Shareholder to buy all of that B-Class Shareholder's outstanding B-Class Shares at the Outperformance Amount (**Default Put Option**).
- (c) If the Defaulting Party is a B-Class Shareholder, at any time within 20 days of the Company providing the A-Class Shareholder with notice under rule 15.2(a)(ii), the A-Class Shareholder may, by issuing an Option Exercise Notice, require that B-Class Shareholder (or, in the case of a breach of rule 12.1 (**Transfer of or dealing with Shares generally**), the Breach Transferee) to sell to the A-Class Shareholder all of its B-Class Shares at the Base Amount (or in the case of circumstances involving a Breach Transferee, only the B-Class Shares which were transferred in breach of clause 12.1(b) unless the A-Class Shareholder considers, acting reasonably, that the transfer of any B-Class Shares to a Breach Transferee would be adverse to the interests of the A-Class Shareholder and the Business, including by reason of the identity of the Breach Transferee, in which case each relevant

Breach Transferee must sell to the A-Class Shareholder all of its B-Class Shares at the Base Amount) (**Shareholder Default Call Option**).

15.4 Suspension of voting rights

Subject to applicable law, for so long as a Shareholder is a Defaulting Party, it may not exercise (or purport to exercise) any rights under this constitution (including any voting rights in respect of any Shares), provided that such suspension of rights shall cease upon:

- (a) in circumstances where the A-Class Shareholder is the Defaulting Party, the exercise period for the Default Put Option has expired and such put option has not been exercised; or
- (b) in circumstances where a B-Class Shareholder is the Defaulting Party, the exercise period for the Shareholder Default Call Option has expired and such call has not been exercised.

16 General meetings

16.1 Convening of general meetings

- (a) A general meeting may be convened by:
 - (i) a director;
 - (ii) the directors by resolution of the board; or
 - (iii) Shareholders or the court in accordance with sections 249D, 249E, 249F and 249G of the Corporations Act.
- (b) The Company must convene and the directors must procure that the Company convenes at least one general meeting during each Financial Year.
- (c) A general meeting must be convened by the directors in accordance with section 249D of the Corporations Act.
- (d) Subject to paragraph (e), the directors may postpone, cancel or change the venue for a general meeting by giving notice not later than five Business Days before the time at which the general meeting was to be held to each person who is at the date of the notice:
 - (i) a Shareholder;
 - (ii) a director; or
 - (iii) an auditor of the Company.
- (e) A notice postponing or changing the venue for a general meeting must specify the date, time and place of the general meeting.
- (f) A general meeting convened under section 249D of the Corporations Act may not be postponed beyond the date by which section 249D requires it to be held and may not be cancelled without the consent of the Shareholder or Shareholders who requested it.

16.2 Notice of general meetings

- (a) Subject to this constitution and to the rights or restrictions attached to any shares or class of shares, notice of a general meeting must be given within the time limits prescribed by the Corporations Act and in the manner authorised by rule 22.1 to each person who is at the date of the notice:
 - (i) a Shareholder;
 - (ii) a director; or
 - (iii) an auditor of the Company.
- (b) A notice of a general meeting must specify the date, time and place of the meeting and state the general nature of the business to be transacted at the meeting and any other matters required under the Corporations Act.
- (c) A person may waive notice of any general meeting by notice in writing to the Company.
- (d) The non-receipt of notice of a general meeting or proxy form by, or a failure to give notice of a general meeting or a proxy form to, any person entitled to receive notice of a general meeting under this rule 16.2 does not invalidate any act, matter or thing done or resolution passed at the general meeting if:
 - (i) the non-receipt or failure occurred by accident or error; or
 - (ii) before or after the meeting, the person:
 - (A) has waived or waives notice of that meeting under paragraph (c); or
 - (B) has notified or notifies the Company of the person's agreement to that act, matter, thing or resolution by notice in writing to the Company.
- (e) A person's attendance at a general meeting:
 - (i) waives any objection that person may have to a failure to give notice, or the giving of a defective notice, of the meeting unless the person at the beginning of the meeting objects to the holding of the meeting; and
 - (ii) waives any objection that person may have to the consideration of a particular matter at the meeting which is not within the business referred to in the notice of the meeting, unless the person objects to considering the matter when it is presented.

16.3 Quorum at general meetings

- (a) No business may be transacted at any general meeting, except the election of a chair and the adjournment of the meeting, unless a quorum of Shareholders is present when the meeting proceeds to business and remains present throughout the meeting.
- (b) A quorum consists of:
 - (i) if the number of Shareholders entitled to vote is two or more - two of those Shareholders; or

- (ii) if only one Shareholder is entitled to vote - that Shareholder, present at the meeting (in person or by proxy).
- (c) If a quorum is not present within 30 minutes after the time appointed for a general meeting:
 - (i) where the meeting was convened by, or at the request of, a Shareholder or Shareholders, the meeting must be dissolved; or
 - (ii) in any other case:
 - (A) the meeting stands adjourned to the day, and at the time and place, as the directors determine or, if no determination is made by the directors, to the same day in the next week at the same time and place; and
 - (B) if, at the adjourned meeting, a quorum is not present within 30 minutes after the time appointed for the meeting, the meeting must be dissolved.

16.4 Chair of general meetings

- (a) The chair of directors must preside as chair at each general meeting if present within 15 minutes after the time appointed for the meeting and willing to act.
- (b) The directors present at a general meeting may elect a person present to chair the meeting if:
 - (i) there is no chair of directors;
 - (ii) the chair of directors is not present within 15 minutes after the time appointed for the meeting; or
 - (iii) the chair of directors is present within that time but is not willing to act as chair of the meeting.
- (c) Subject to paragraphs (a) and (b), if at a general meeting:
 - (i) a chair has not been previously elected by the directors; or
 - (ii) a previously elected chair is not available or is not willing to act as a chair of the meeting (or part of the meeting),

the Shareholders present must elect as chair of the meeting another person who is present and willing to act.

16.5 Conduct of general meetings

- (a) Subject to sections 250S and 250T of the Corporations Act, any question arising at a general meeting relating to the order of business, procedure or conduct of the meeting must be referred to the chair of the meeting, whose decision is final.
- (b) The chair of a general meeting may, and must if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

- (c) It is not necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

16.6 Decisions at general meetings

- (a) Subject to rule 3, except in the case of any resolution which as a matter of law requires a special majority, questions arising at a general meeting are to be decided by a majority of votes cast by the Shareholders present at the meeting and that decision is for all purposes a decision of the Shareholders.
- (b) In the case of an equality of votes upon any proposed resolution:
 - (i) the chair of the meeting does not have a second or casting vote; and
 - (ii) the proposed resolution is taken as having not passed.
- (c) A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is demanded before a vote by show of hands is taken or before or immediately after the declaration of the result of the show of hands:
 - (i) by the chair of the meeting; or
 - (ii) by at least 5 Shareholders present and entitled to vote on the relevant resolution; or
 - (iii) by a Shareholder or Shareholders with at least 5% of the votes that may be cast on the relevant resolution on a poll.
- (d) A demand for a poll does not prevent the continuance of a general meeting for the transaction of any business other than the question on which the poll has been demanded.
- (e) A poll cannot be demanded at a general meeting on any resolutions concerning the election of a chair of the meeting or the adjournment of the meeting.
- (f) Unless a poll is duly demanded, a declaration by the chair of a general meeting that a resolution has on a show of hands been carried or carried unanimously, or carried by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- (g) If a poll is duly demanded at a general meeting, it will be taken when and in the manner the chair of the meeting directs, and the result of the poll will be the resolution of the meeting at which the poll was demanded.
- (h) A demand for a poll may be withdrawn.

16.7 Voting rights

- (a) Despite any other rule of this constitution, the matters listed in rules 3.3(b)(iv)(A) - (M) (inclusive) and rules 3.4(b)(i) - (xiii) (inclusive) must not be actioned without the approval of the A-Class Shareholder and B-Class Shareholders holding a majority of the B-Class Shares.
- (b) Subject to this constitution and to any rights or restrictions attached to any shares or class of shares (including under rule 3), at a general meeting:
 - (i) on a poll, every Shareholder present has:
 - (A) one vote for each fully paid share held by the Shareholder and in respect of which the Shareholder is entitled to vote; and
 - (B) a fraction of a vote for each partly paid share held by the Shareholder and in respect of which the Shareholder is entitled to vote, equivalent to the proportion which the amount paid (not credited) on the share bears to the total amounts paid and payable (excluding amounts credited) on the share; and
 - (ii) for the purposes of paragraph (b)(ii)B, an amount paid on a share in advance of a call is to be ignored.
- (c) A joint holder may vote at any meeting in person or by proxy, attorney or Representative as if that person was the sole holder. If more than one joint holder tenders a vote, only the vote of the holder whose name appears first in the register of Shareholders counts.
- (d) A person entitled to a share as a result of a Transmission Event may vote at a general meeting in respect of that share in the same manner as if that person were the registered holder of the share if, before the meeting, the directors have:
 - (i) admitted that person's right to vote at that meeting in respect of the share; or
 - (ii) been satisfied of that person's right to be registered as the holder of, or to transfer, the share under rule 14.4(c),and any vote tendered by that person must be accepted to the exclusion of the vote of the registered holder of the share.
- (e) Where a Shareholder holds any share on which any call due and payable to the Company has not been duly paid:
 - (i) that Shareholder is only entitled to be present at a general meeting and vote if other shares are held by that Shareholder on which no call is then due and payable; and
 - (ii) upon a poll, that Shareholder is not entitled to vote in respect of that share but may vote in respect of any other shares held upon which no call is then due and payable.
- (f) An objection to the qualification of a person to vote at a general meeting:
 - (i) must be raised before or immediately after the result of the motion on which the vote objected to is given or tendered; and

- (ii) must be referred to the chair of the meeting, whose decision is final.
- (g) A vote not disallowed by the chair of a meeting under paragraph (g) is valid for all purposes.

16.8 Representation at general meetings

- (a) Subject to this constitution, each Shareholder entitled to vote at a meeting of Shareholders may vote:
 - (i) in person or, where a Shareholder is a body corporate, by its Representative;
 - (ii) by proxy or, if the Shareholder is entitled to cast two or more votes at the meeting, by not more than two proxies; or
 - (iii) by not more than two attorneys.
- (b) A proxy, attorney or Representative may be a Shareholder of the Company but does not have to be a Shareholder.
- (c) A proxy, attorney or Representative may be appointed for all general meetings, or for any number of general meetings, or for a particular general meeting.
- (d) Subject to this constitution and unless otherwise provided in the Corporations Act or in the appointment, an appointment of a proxy, attorney or Representative is taken to confer authority:
 - (i) to agree to a meeting being convened by shorter notice than is required by the Corporations Act or by this constitution:
 - (ii) to speak to any proposed resolution on which the proxy, attorney or Representative may vote;
 - (iii) even though the appointment may refer to specific resolutions and may direct the proxy, attorney or Representative how to vote on those resolutions:
 - (A) to vote on any amendment moved to the proposed resolutions and on any motion that the proposed resolutions not be put or any similar motion;
 - (B) to vote on any procedural motion, including any motion to elect the chair, to vacate the chair or to adjourn the meeting; and
 - (C) to act generally at the meeting; and
 - (iv) even though the appointment may refer to a specific meeting to be held at a specified time or venue, where the meeting is rescheduled or adjourned to another time or changed to another venue, to attend and vote at the re-scheduled or adjourned meeting or at the new venue.
- (e) The chair of a meeting may require any person purporting to act as a proxy, attorney or Representative to establish to the satisfaction of the chair that the person has been validly appointed as a proxy, attorney or Representative and is the person named in the relevant instrument of appointment, failing which the person may be excluded from attending or voting at the meeting.

- (f) Where a Shareholder appoints two proxies or attorneys to vote at the same general meeting and the authority of one is not conditional on the other failing to attend or vote, each proxy or attorney may only exercise the voting rights the proxy or attorney represents.
- (g) An instrument appointing a proxy or attorney may direct the manner in which the proxy or attorney is to vote in respect of a particular resolution and, where an instrument so provides, the proxy or attorney is not entitled to vote on the proposed resolution except as directed in the instrument.
- (h) A proxy or attorney may not vote at a general meeting or adjourned meeting unless the instrument appointing the proxy or attorney, and the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed, are received:
 - (i) at the registered office of the Company;
 - (ii) at the fax number at its registered office; or
 - (iii) at another place, fax number or electronic address specified for that purpose in the notice convening the meeting,
 - (iv) by the time specified in the notice of meeting
- (i) A vote cast in accordance with the terms of an instrument appointing a proxy or attorney is valid despite:
 - (i) a Transmission Event occurring in relation to the appointer; or
 - (ii) the revocation of the instrument under which the proxy or attorney was appointed; or
 - (iii) the revocation of the authority under which a third party appointed the proxy or attorney; or
 - (iv) the Shareholder transferring the share in respect of which the proxy or attorney was appointed,

if no notice of the Transmission Event, revocation or transfer has been received by the Company by the time and at one of the places at or in the manner in which the instrument appointing the proxy or attorney is required to be received under rule 16.8(h).
- (j) The authority of a proxy or attorney to speak and vote for a Shareholder at a general meeting is suspended while the Shareholder is present at the meeting.

16.9 Resolutions without meetings

- (a) The Shareholders may pass a resolution without a Shareholders' meeting being held if all the Shareholders entitled to vote on the resolution assent to a document containing a statement that they are in favour of the resolution set out in the document.
- (b) Separate copies of a document may be used if the wording of the resolution and statement is identical in each copy.

- (c) The resolution is passed when the last Shareholder entitled to vote on the resolution assents to the document.
- (d) A Shareholder may signify assent to a document by signing the document or by notifying the Company of the Shareholder's assent in person or by post, fax, electronic mail, telephone or other method of written, audio or audio visual communication.
- (e) Where a document is assented to in accordance with this rule 16.9, the document is to be taken as a minute of the passing of the resolution.

16.10 Class meetings

The provisions of this constitution relating to general meetings and resolutions without meetings apply, with necessary changes, to separate meetings of the Shareholders of a class as if they were general meetings except that a quorum for any such class meeting consists of:

- (a) if the number of Shareholders of that class entitled to vote is two or more – two of those Shareholders; or
- (b) if there is only one Shareholder of that class entitled to vote – that Shareholder.

17 Directors

17.1 Appointment and removal of directors

- (a) Subject to the Corporations Act, the Company must have at least three directors for so long as it is a public company, and a minimum of 2 directors if it is a proprietary company.
- (b) The directors in office on the date that this constitution was adopted by the Company continue in office but on the terms and conditions set out in this constitution, and in any event must resign immediately upon the appointment of directors by the B-Class Shareholders in accordance with this constitution.
- (c) Subject to paragraph (d), each B-Class Shareholder who holds 20% or more of the total number of B-Class Shares on issue may appoint one director for each 20% parcel of B-Class Shares that he or she holds and only for so long as he or she holds each 20% parcel, provided that if the result of this rule is that:
 - (i) there would be no directors appointed to the board of the Company, then the B-Class Shareholder with the largest holding of B-Class Shares may appoint or remove up to three directors;
 - (ii) there would be only one director appointed to the board of the Company, then the B-Class Shareholder who is able to appoint that director may appoint:
 - (A) up to 2 additional directors if the Company is a public company; or
 - (B) up to 1 additional director if the Company is a proprietary company; or
 - (iii) there would be only two directors appointed to the board of the Company and the Company is a public company, then the B-Class Shareholders who are able to appoint those directors may each appoint up to 1 additional director.

- (d) If there are no B-Class Shares on issue, the A-Class Shareholder may appoint or remove a director.
- (e) The A-Class Shareholder and each B-Class Shareholder must each remove any director it has appointed no more than five Business Days after that Shareholder ceases to be a Shareholder or ceases to be entitled to appoint a director under this rule 17.1; or
- (f) Subject to rule 17.2 and to the terms of any agreement entered into between the Company and the relevant director, a director holds office until the director dies or is removed from office pursuant to rule 17.1(c).

17.2 Vacation of office

The office of a director becomes vacant:

- (a) in the circumstances prescribed by the Corporations Act;
- (b) if the director becomes of unsound mind or a person who is, or whose estate is, liable to be dealt with in any way under the law relating to mental health; or
- (c) if the director resigns by written notice to the Company.

17.3 Remuneration of directors

The Company must pay each director reasonable out-of-pocket expenses incurred by the director in attending any meeting, in carrying out his or her duties as a director or in carrying out authorised business of any Group Company, provided the director gives to the Company a valid tax invoice in respect of those out-of-pocket expenses.

17.4 Director need not be a Shareholder

- (a) A director is not required to hold any shares in the Company to qualify for appointment.
- (b) A director is entitled to attend and speak at general meetings even if he or she is not a Shareholder of the Company.

17.5 Interested directors

- (a) A director may hold any other office or place of profit, other than auditor, in the Company or a related body corporate in conjunction with his or her directorship. A director may be appointed to that office or place of profit on the terms as to remuneration, tenure of office and otherwise as the directors think fit.
- (b) A director of the Company may be a director or other officer of:
 - (i) a related body corporate;
 - (ii) a body corporate promoted by the Company; or
 - (iii) a body corporate in which the Company is interested, as shareholder or otherwise,

or be otherwise interested in any of those bodies corporate. A director is not accountable to the Company for any remuneration or other benefits received by the

director as a director or officer of that body corporate or from having an interest in that body corporate.

- (c) The directors may exercise the voting rights conferred by shares in any body corporate held or owned by the Company as the directors think fit. This includes voting in favour of any resolution appointing a director as a director or other officer of that body corporate, or voting for the payment of remuneration to the directors or other officers of that body corporate. A director may, if permitted by law, vote in favour of the exercise of those voting rights even if he or she is, or may be about to be appointed, a director or other officer of that other body corporate.
- (d) A director is not disqualified merely because of being a director from contracting with the Company in any respect including, without limitation:
 - (i) selling any property to, or purchasing any property from, the Company;
 - (ii) lending any money to, or borrowing any money from, the Company with or without interest and with or without security;
 - (iii) guaranteeing the repayment of any money borrowed by the Company for a commission or profit;
 - (iv) underwriting or guaranteeing the subscription for securities in the Company or in a related body corporate or any other body corporate promoted by the Company or in which the Company may be interested as a shareholder or otherwise, for a commission or profit; or
 - (v) being employed by the Company or acting in any professional capacity, other than auditor, on behalf of the Company.
- (e) No contract made by a director with the Company and no contract or arrangement entered into by or on behalf of the Company in which any director may be in any way interested is avoided or rendered voidable merely because the director holds office as a director or because of the fiduciary obligations arising out of that office.
- (f) No director contracting with the Company or being interested in any arrangement involving the Company is liable to account to the Company for any profit realised by or under a contract or arrangement of that kind merely because the director holds office as a director or because of the fiduciary obligations arising out of that office.
- (g) Subject to paragraph (h), a director who is in any way interested in a contract or arrangement or proposed contract or arrangement may, despite that interest:
 - (i) be counted in determining whether or not a quorum is present at any meeting of directors considering that contract or arrangement or proposed contract or arrangement;
 - (ii) vote in respect of the contract or arrangement or proposed contract or arrangement or any matter arising out of those things; and
 - (iii) sign or countersign any document relating to that contract or arrangement or proposed contract or arrangement.
- (h) Paragraph (g) does not apply if, and to the extent that, it would be contrary to the Corporations Act.

- (i) The directors may make regulations requiring the disclosure of interests that a director, and any person deemed by the directors to be related to or associated with the director, may have in any matter concerning the Company or a related body corporate. Any regulations made under this rule bind all directors and apply in addition to any obligations imposed on the directors by the Corporations Act to disclose interests to the Company.

17.6 Powers and duties of directors

- (a) The directors are responsible for managing the business of the Company and may exercise to the exclusion of the Company in general meeting all the powers of the Company which are not required, by the Corporations Act or this constitution, to be exercised by the Company in general meeting.
- (b) Without limiting paragraph (a), the directors may exercise all the powers of the Company to borrow or otherwise raise money, to charge any property or business of the Company or all or any of its uncalled capital and to issue debentures or give any other security for a debt, liability or obligation of the Company or of any other person.
- (c) The directors may determine how cheques, promissory notes, bankers drafts, bills of exchange or other negotiable instruments or other documents must be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by or on behalf of the Company.
- (d) The directors may pay out of the Company's funds all expenses of the promotion, formation and registration of the Company and the vesting in it of the assets acquired by it.
- (e) The directors may:
 - (i) appoint or employ any person to be an officer, agent or attorney of the Company for the purposes, for the period and on the conditions as they think fit;
 - (ii) resolve to delegate any of their powers to an officer, agent or attorney and the officer, agent or attorney must exercise the powers delegated in accordance with any directions of the directors;
 - (iii) authorise an officer, agent or attorney to delegate all or any of the powers, discretions and duties vested in the officer, agent or attorney; and
 - (iv) subject to any contract between the Company and the relevant officer, agent or attorney, remove or dismiss any officer, agent or attorney of the Company at any time, with or without cause.
- (f) A power of attorney may contain provisions for the protection and convenience of the attorney or persons dealing with the attorney as the directors think fit.

17.7 Proceedings of directors

- (a) The directors may hold meetings for the dispatch of business and adjourn and otherwise regulate their meetings as they think fit.
- (b) Subject to the Corporations Act, the contemporaneous linking together by a form of technology of a number of the directors sufficient to constitute a quorum, constitutes a meeting of the directors and all the provisions in this constitution

relating to meetings of the directors apply, so far as they can and with such changes as are necessary, to meetings of the directors held using a form of technology.

17.8 Convening of meetings of directors

- (a) A director may, whenever the director thinks fit, convene a meeting of the directors.
- (b) A secretary must, on the requisition of a director, convene a meeting of the directors.

17.9 Notice of meetings of directors

- (a) Subject to this constitution, notice of a meeting of directors must be given to each person who is at the time of giving the notice:
 - (i) a director, other than a director on leave of absence approved by the directors; or
 - (ii) an alternate director appointed under rule 17.14 by a director on leave of absence approved by the directors.
- (b) A notice of a meeting of directors:
 - (i) must specify the time and place of, or form of technology for, the meeting;
 - (ii) need not state the nature of the business to be transacted at the meeting;
 - (iii) may be given in person or by post, or, subject to the Corporations Act, by any form of technology; and
 - (iv) is taken to have been given to an alternate director if it is given to the director who appointed that alternate director.
- (c) A director or alternate director may waive notice of a meeting of directors by notifying the Company to that effect in person or by post, or by any form of technology.
- (d) The non-receipt of notice of a meeting of directors by, or a failure to give notice of a meeting of directors to, a director does not invalidate any act, matter or thing done or resolution passed at the meeting if:
 - (i) the non-receipt or failure occurred by accident or error;
 - (ii) before or after the meeting, the director or an alternate director appointed by the director:
 - (A) waives notice of that meeting under paragraph (c); or
 - (B) notifies the Company of his or her agreement to that act, matter, thing or resolution personally or by post, or by a form of technology; or
 - (iii) the director or an alternate director appointed by the director attended the meeting.
- (e) The non-receipt of notice of a meeting of directors by, or a failure to give notice of a meeting of directors to, an alternate director of a director on leave of absence

approved by the directors does not invalidate any act, matter or thing done or resolution passed at the meeting if:

- (i) the non-receipt or failure occurred by accident or error;
 - (ii) before or after the meeting, the alternate director or the director who appointed the alternate director:
 - (A) waives notice of that meeting under paragraph (c); or
 - (B) notifies the Company of his or her agreement to that act, matter, thing or resolution personally or by post, or by a form of technology; or
 - (iii) the alternate director or the director who appointed the alternate director attended the meeting.
- (f) Attendance by a person at a meeting of directors waives any objection that person and:
- (i) if the person is a director, an alternate director appointed by that person; or
 - (ii) if the person is an alternate director, the director who appointed that person as alternate director,
- may have to a failure to give notice of the meeting.

17.10 Quorum at meetings of directors

- (a) No business may be transacted at a meeting of directors unless there is a quorum of directors at the time the business is dealt with.
- (b) A quorum consists of:
 - (i) if the directors have fixed a number for the quorum, that number of directors; and
 - (ii) in any other case, two directors.
- (c) If there is a vacancy in the office of a director, the remaining director or directors may act but, if the number of remaining directors is not sufficient to constitute a quorum at a meeting of directors, the remaining director or directors may act only in an emergency or for the purpose of increasing the number of directors to a number sufficient to constitute a quorum or of convening a general meeting of the Company.

17.11 Chair of directors

- (a) The directors may elect one of the directors to the office of chair of directors and may determine the period for which that director is to be chair of directors.
- (b) The chair of directors must preside as chair at each meeting of directors, if present within 10 minutes after the time appointed for the holding of the meeting and willing to act.
- (c) If at a meeting of directors:
 - (i) there is no chair of directors;

- (ii) the chair of directors is not present within 10 minutes after the time appointed for the holding of the meeting; or
- (iii) the chair of directors is present within that time but is not willing to act as chair of the meeting or of part of the meeting,

the directors present must elect one of themselves to be chair of the meeting or part of the meeting.

17.12 Decisions of directors

- (a) A meeting of directors at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the directors under this constitution.
- (b) Each director may exercise the number of votes as represents the number of shares held by the director's appointing shareholder divided by the number of directors representing that shareholder who are present at the meeting or represented by an alternate director who is present at the meeting.
- (c) Questions arising at a meeting of directors are to be decided if agreed to by all directors present without dissent or by a majority of votes cast by the directors present, and a decision of that kind is for all purposes a determination of the directors.
- (d) A director present at a meeting of directors is presumed to have agreed to, and to have voted in favour of, a resolution of the directors unless that director expressly dissents or expressly abstains from voting on, or votes against, the resolution.
- (e) In the case of an equality of votes on a proposed resolution:
 - (i) the chair of the meeting does not have a second or casting vote; and
 - (ii) the proposed resolution is to be taken as having been lost.

17.13 Resolutions without meetings

- (a) The directors may pass a resolution without a directors' meeting being held if all the directors entitled to vote on the resolution assent to a document containing a statement that they are in favour of the resolution set out in the document.
- (b) Separate copies of a document may be used if the wording of the resolution and statement is identical in each copy.
- (c) The resolution is passed when the last director entitled to vote on the resolution assents to the document.
- (d) A director may signify assent to a document by signing the document or by notifying the Company of the director's assent in person or by post, fax, electronic, telephone or other method of written, audio or audio visual communication.
- (e) Where a director signifies assent to a document otherwise than by signing the document, the director must by way of confirmation sign the document at the next meeting of the directors attended by that director, but failure to do so does not invalidate the act, matter, thing or resolution to which the document relates.

- (f) Where a document is assented to in accordance with this rule 17.13, the document is to be taken as a minute of the passing of the resolution.

17.14 Alternate directors

- (a) A director may, with the approval of the directors, appoint a person to be the director's alternate director for a period which the director thinks fit.
- (b) An alternate director may be a Shareholder or a director of the Company but need not be a Shareholder or a director.
- (c) One person may act as alternate director to more than one director.
- (d) An alternate director is entitled, if the appointer does not attend a meeting of directors, to attend and vote in place of and on behalf of the appointer.
- (e) An alternate director is entitled to a separate vote for each director the alternate director represents in addition to any vote the alternate director may have as a director in his or her own right.
- (f) In the absence of the appointer, an alternate director may exercise any powers that the appointer may exercise and the exercise of any such power by the alternate director is to be taken to be the exercise of the power by the appointer.
- (g) The office of an alternate director is vacated if and when the appointer vacates office as a director.
- (h) The appointment of an alternate director may be terminated at any time by the appointer even though the period of the appointment of the alternate director has not expired.
- (i) An appointment, or the termination of an appointment, of an alternate director must be in writing signed by the director who makes or made the appointment and does not take effect unless and until the Company has received written notice of the appointment or termination.
- (j) An alternate director is not to be taken into account in determining the minimum number of directors allowed under this constitution.
- (k) In determining whether a quorum is present at a meeting of directors, a director or an alternate director who attends the meeting is to be counted once only.
- (l) An alternate director is entitled to be paid the remuneration which the directors think fit, subject to that remuneration not exceeding the amount authorised under rule 17.3 as payable to the director for whom the alternate director acts as alternate.
- (m) An alternate director is not entitled to be remunerated by the Company for his or her services as alternate director except as provided in paragraph (l).
- (n) An alternate director, while acting as a director, is responsible to the Company for his or her own acts and defaults and is not to be taken to be the agent of the director by whom he or she was appointed.

17.15 Committees of directors

- (a) The directors may resolve to delegate any of their powers to a committee or committees consisting of such number of directors as they think fit.

- (b) A committee to which any powers have been so delegated must exercise the powers delegated in accordance with any directions of the directors.
- (c) The provisions of this constitution applying to meetings and resolutions of directors apply, so far as they can and with the changes as are necessary, to meetings and resolutions of a committee of directors.

17.16 Delegation to individual directors

- (a) The directors may resolve to delegate any of their powers to one director.
- (b) A director to whom any powers have been so delegated must exercise the powers delegated in accordance with any directions of the directors.

17.17 Validity of acts

An act done by a person acting as a director or by a meeting of directors or a committee of directors attended by a person acting as a director is not invalidated by reason only of:

- (a) any irregularity in a notice of meeting;
- (b) a defect in the appointment of the person as a director;
- (c) the person being disqualified to be a director or having vacated office; or
- (d) the person not being entitled to vote,

if that circumstance was not known by the person or the directors or committee, as the case may be, when the act was done.

18 Distributions

18.1 Dividends

- (a) Subject to the Corporations Act, the directors may pay any interim and final dividends as, in their judgment, the financial position of the Company justifies.
- (b) The directors may pay any dividend required to be paid under the terms of issue of a share.
- (c) The payment of a dividend does not require confirmation by a general meeting.
- (d) Subject to any rights or restrictions attached to a share or class of shares:
 - (i) all dividends in respect of a share must be paid in the proportion which the amount paid (not credited) on the share bears to the total amounts paid and payable (excluding amounts credited) on the share;
 - (ii) all dividends must be apportioned and paid proportionately to the amount paid during any portion or portions of the period in respect of which the dividend is paid;
 - (iii) for the purposes of paragraphs (d)(i) and (ii), an amount paid on a share in advance of a call is to be ignored; and
 - (iv) interest is not payable by the Company in respect of any dividend.

- (e) The directors may fix a record date in respect of a dividend, with or without suspending the registration of transfers from that date under rule 14.3.
- (f) A dividend in respect of a share must be paid to the person who is registered, or entitled under rule 14.1(g) to be registered, as the holder of the share:
 - (i) where the directors have fixed a record date in respect of the dividend, on that date; or
 - (ii) where the directors have not fixed a record date in respect of that dividend, on the date the dividend is paid,

and a transfer of a share that is not registered, or left with the Company for registration in accordance with rule 14.1(f), on or before that date is not effective, as against the Company, to pass any right to the dividend.

- (g) The directors when fixing the amount and time for payment of a dividend may:
 - (i) direct payment of the dividend wholly or partly by the distribution of specific assets, including fully paid shares or other securities of the Company or of another body corporate, either generally or to specific shareholders; and
 - (ii) direct that the dividend be paid to particular shareholders wholly or partly out of any particular fund or reserve or out of profits derived from any particular source and to the remaining shareholders wholly or partly out of any other particular fund or reserve or out of profits derived from any other particular source or generally.
- (h) The directors may deduct from any dividend payable to a Shareholder all sums of money presently payable by the Shareholder to the Company and apply the amount deducted in or towards satisfaction of the money owing.
- (i) Where a person is entitled to a share as a result of a Transmission Event, the directors may, but are not obliged to, retain any dividends payable on that share until that person becomes registered as the holder of the share or transfers it.
- (j) Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque and sent by post:
 - (i) to the address of the holder as shown in the register of Shareholders, or in the case of joint holders, to the address shown in the register of Shareholders as the address of the joint holder first named in that register; or
 - (ii) to such other address as the holder or joint holders in writing directs or direct.

This paragraph (j) does not adversely affect any other method of payment the directors may adopt.

- (k) A cheque sent under paragraph (j) may be made payable to bearer or to the order of the Shareholder to whom it is sent or any other person the Shareholder directs and is sent at the Shareholder's risk.

18.2 Capitalisation of profits

- (a) Subject to any rights or restrictions attached to any shares or class of shares, the directors may capitalise and distribute among such of the Shareholders as would be entitled to receive dividends and in the same proportions, any amount:
- (i) forming part of the undivided profits of the Company;
 - (ii) representing profits arising from an ascertained accretion to capital or from a revaluation of the assets of the Company;
 - (iii) arising from the realisation of any assets of the Company; or
 - (iv) otherwise available for distribution as a dividend.
- (b) The directors may resolve that all or any part of the capitalised amount is to be applied:
- (i) in paying up in full any unissued shares in or other securities of the Company;
 - (ii) in paying up any amounts unpaid on shares or other securities held by the Shareholders;
 - (iii) partly as specified in paragraph (b)(i) and partly as specified in paragraph (b)(ii); or
 - (iv) in any other way permitted by the Corporations Act,
- and that application must be accepted by the Shareholders entitled to share in the distribution in full satisfaction of their interests in the capitalised amount.
- (c) Rules 18.1(e) and (f) apply, so far as they can and with any necessary changes, to a capitalisation of an amount under rule 18.2 as if references in those rules to a dividend and to the date a dividend is paid were references to a capitalisation of an amount and to the date the directors resolve to capitalise the amount under this rule 18.2 respectively.

18.3 Ancillary powers

- (a) The directors may do any of the following things to give effect to a resolution for the satisfaction of a dividend in the manner set out in rule 18.1(g)(i) or by the capitalisation of an amount under rule 18.2:
- (i) settle as they think expedient any difficulty that may arise in making the distribution or capitalisation and, in particular, where shares or other securities in the Company are or would otherwise be issuable in fractions:
 - (A) determine that fractions are to be disregarded or are to be rounded down to the nearest whole number; or
 - (B) determine that fractions are to be rounded up to the nearest whole number;
 - (ii) fix the value for distribution of any specific assets;

- (iii) pay cash or issue shares or other securities to any Shareholders in order to adjust the rights of all parties;
- (iv) vest any specific assets, cash, shares or other securities in a trustee on such trusts for the persons entitled to the dividend or capitalised amount as may seem expedient to the directors; and
- (v) authorise any person to make, on behalf of all the Shareholders entitled to any further shares or other securities as a result of the distribution or capitalisation, an agreement with the Company or another body corporate providing, as appropriate:
 - (A) for the issue to them of further shares or other securities as fully paid; or
 - (B) for the payment by the Company on their behalf of the amounts or any part of the amounts remaining unpaid on their existing shares or other securities by the application of their respective proportions of the sum resolved to be capitalised,

and any agreement made under an authority referred to in this paragraph (v) is effective and binding on all Shareholders concerned.

- (b) If the Company distributes to a Shareholder shares or other securities in the Company or another body corporate, the Shareholder appoints the Company as his or her agent to do anything needed to give effect to that distribution, including agreeing to become a Shareholder of that other body corporate.

18.4 Reserves

- (a) Subject to this constitution, the directors may set aside out of the profits of the Company reserves or provisions for any purpose as they think fit.
- (b) The setting aside of an amount as a reserve or provision does not require the directors to keep the amount separate from other assets of the Company or prevent the amount being used in the business of the Company or being invested as the directors think fit or subsequently being distributed to Shareholders.

19 Winding up

19.1 Distribution of surplus

Subject to the Corporations Act, this constitution and to the rights or restrictions attached to any shares or class of shares:

- (a) if the Company is wound up and the property of the Company is more than sufficient:
 - (i) to pay all of the debts and liabilities of the Company; and
 - (ii) the costs, charges and expenses of the winding up,

the excess must be divided among the Shareholders in proportion to the shares held by them, irrespective of the amounts paid or credited as paid on the shares;

- (b) for the purpose of calculating the excess referred to in paragraph (a), any amount unpaid on a share is to be treated as property of the Company;
- (c) the amount of the excess that would otherwise be distributed to the holder of a partly paid share under paragraph (a) must be reduced by the amount unpaid on that share at the date of the distribution; and
- (d) if the effect of the reduction under paragraph (c) would be to reduce the distribution to the holder of a partly paid share to a negative amount, the holder must contribute that amount to the Company.

19.2 Division of property

- (a) Subject to the Corporations Act, if the Company is wound up the liquidator may, with the sanction of a special resolution:
 - (i) divide among the Shareholders the whole or any part of the property of the Company; and
 - (ii) determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.
- (b) A division under paragraph (a) may be otherwise than in accordance with the legal rights of the Shareholders and, in particular, any class may be given preferential or special rights or may be excluded altogether or in part.
- (c) Where a division under paragraph (a) is otherwise than in accordance with the legal rights of the Shareholders, a Shareholder is entitled to dissent and to exercise the same rights as if the special resolution sanctioning that division were a special resolution passed under section 507 of the Corporations Act.
- (d) If any of the property to be divided under paragraph (a) includes securities with a liability to calls, a person entitled under the division to any of the securities may within 10 days after the passing of the special resolution referred to in that rule, by written notice direct the liquidator to sell the person's proportion of the securities and to account for the net proceeds and the liquidator must, if practicable, act accordingly.
- (e) Nothing in this rule 19.2 adversely affects any right to exercise any statutory or other power which would have existed if this rule were omitted.
- (f) Rule 18.3 applies, so far as it can and with necessary changes, to a division by a liquidator under rule 19.2(a) as if references in rule 18.3 to the directors and to a distribution or capitalisation were references to the liquidator and to the division under rule 19.2(a) respectively.

20 Minutes and records

20.1 Minutes

The directors must cause minutes of:

- (a) all proceedings and resolutions of general meetings and of class meetings;
- (b) proceedings and resolutions of meetings of the directors and of committees of the directors;

- (c) while the Company has only one Shareholder, resolutions passed by the sole Shareholder without a meeting; and
- (d) resolutions passed by a director or directors without a meeting,

to be recorded and entered in books kept for that purpose, within one month after the meeting is held or the resolution is passed.

20.2 Signing of minutes

- (a) Minutes of a meeting must be signed by the chair of the meeting or the chair of the next meeting within a reasonable time after the meeting.
- (b) Minutes of the passing of a resolution without a meeting must be signed by a director within a reasonable time after the resolution is passed.

20.3 Minutes as evidence

A minute that is recorded and signed in accordance with rules 20.1 and 20.2 is evidence of the proceeding or resolution to which it relates, unless the contrary is proved.

20.4 Inspection of records

Subject to the Corporations Act, the directors may determine whether and to what extent, and at what time and places and under what conditions, the minute books, accounting records and other documents of the Company or any of them will be open to the inspection of Shareholders.

21 Indemnity and insurance

21.1 Persons to whom rules 21.2 and 21.4 apply

Rules 21.2 to 21.4 apply:

- (a) to such other officers or former officers of the Company or of its related bodies corporate as the directors in each case determine; and
- (b) if the directors so determine, to any auditor or former auditor of the Company or of its related bodies corporate.

21.2 Indemnity

The Company must indemnify to the extent permitted by law, each person to whom this rule 21.2 applies for all losses or liabilities incurred by the person as an officer or, if the directors so determine, an auditor of the Company or of a related body corporate including, but not limited to, a liability for negligence or for legal costs on a full indemnity basis.

21.3 Extent of Indemnity

The indemnity in rule 21.2:

- (a) is a continuing obligation and is enforceable by a person to whom rule 21.2 applies even though that person may have ceased to be an officer or auditor of the Company or of a related body corporate;

- (b) applies to losses and liabilities incurred both before and after the date of adoption of that rule;
- (c) operates only to the extent that the loss or liability is not covered by insurance; and
- (d) does not operate to the extent that it is contrary to the Corporations Act.

21.4 Insurance

The Company may, to the extent permitted by law:

- (a) purchase and maintain insurance; or
- (b) pay or agree to pay a premium for insurance,

for any person to whom this rule 21.4 applies against any liability incurred by the person as an officer or auditor of the Company or of a related body corporate including, but not limited to, a liability for negligence or for legal costs.

21.5 Savings

Nothing in rules 21.2 or 21.4:

- (a) affects any other right or remedy that a person to whom those rules apply may have in respect of any loss or liability referred to in those rules; or
- (b) limits the capacity of the Company to indemnify or provide insurance for any person to whom those rules do not apply.

22 Notices

22.1 Notices by the Company to Shareholders

- (a) A notice may be given by the Company to a Shareholder:
 - (i) by serving it personally at the Shareholder's address as shown in the register of Shareholders or such other address nominated by the Shareholder for the giving of notices;
 - (ii) by sending it by post in a prepaid envelope to, the Shareholder's address as shown in the register of Shareholders or such other address nominated by the Shareholder for the giving of notices;
 - (iii) by sending it to the fax number or electronic address (if any) nominated by the Shareholder for the giving of notices;
 - (iv) by sending it to the Shareholder by other electronic means (if any) nominated by the Shareholder for the giving of notices; or
 - (v) if the Shareholder does not have a registered address and has not supplied another address to the Company for the giving of notices, by exhibiting it at the registered office of the Company.

- (b) A notice may be given by the Company to the joint holders of a share in the manner authorised by paragraph (a):
 - (i) in the case of a notice for the purpose of a resolution under rule 5.9(a), to each joint holder; and
 - (ii) in all other cases, to the joint holder first named in the register of Shareholders in respect of the share.
- (c) A notice may be given by the Company to a person entitled to a share as a result of a Transmission Event by serving it or sending it in the manner authorised by paragraph (a)(i) addressed to the name or title of the person, at or to the address, fax number, electronic address or by such other electronic means nominated by the Shareholder for the giving of notices to that person, or if no address, fax number, electronic address or other electronic means has been nominated, at or to the address, fax number, electronic address or by such other electronic means to which the notice might have been sent if the relevant Transmission Event had not occurred.
- (d) The fact that a person has nominated a fax number, electronic address or other electronic means for the giving of notices does not require the Company to give any notice to that person by fax, electronic mail or such other electronic means.
- (e) A notice given to a Shareholder in accordance with paragraphs (a) or (b) is, despite the occurrence of a Transmission Event and whether or not the Company has notice of that occurrence:
 - (i) duly given in respect of any shares registered in that person's name, whether solely or jointly with another person; and
 - (ii) sufficient service on any person entitled to the shares as a result of the Transmission Event.
- (f) A notice given to a person who is entitled to a share as a result of a Transmission Event is sufficient service on the Shareholder in whose name the share is registered.
- (g) Any person who, because of a transfer of shares, becomes entitled to shares registered in the name of a Shareholder is bound by every notice which, before that person's name and address is entered in the register of Shareholders in respect of those shares, is given to the Shareholder in accordance with this rule 22.1.
- (h) A signature to any notice given by the Company to a Shareholder under this rule 22.1 may be in writing or a facsimile printed or fixed by some mechanical or other means, including any electronic means.
- (i) A certificate signed by a director or secretary of the Company to the effect that a notice has been given in accordance with this constitution is conclusive evidence of that fact.

22.2 Notices by the Company to directors

Subject to this constitution, a notice may be given by the Company to any director or alternate director either by serving it personally at, or by sending it by post in a prepaid envelope to, the director's or alternate director's usual residential or business address, or such other address, or by fax or electronic mail to such fax number, electronic address, or

by any electronic means as the director or alternate director has nominated for the giving of notices.

22.3 Notices to the Company

Subject to this constitution, a notice may be given by a Shareholder, director or alternate director to the Company by serving it on the Company at, or by sending it by post in a prepaid envelope to, the registered office of the Company or by fax or electronic mail to the principal fax number or electronic address at the registered office of the Company.

22.4 Notices to Shareholders outside Australia

A notice to be sent to a Shareholder outside Australia and its external territories must be sent by airmail, fax or electronic mail or other electronic means, or in another way that ensures it will be received quickly.

22.5 Time of service

- (a) A notice sent by post, is to be taken to be given if a prepaid envelope containing the notice is properly addressed and placed in the post and to have been given:
 - (i) in the case of a notice of a general meeting, on the day after the date of its posting; or
 - (ii) in any other case, at the time at which the letter would be delivered in the ordinary course of post.
- (b) A notice sent by fax is to be taken to be given on the Business Day after it is sent.
- (c) A notice sent by electronic mail is taken to be given if the sender receives a confirmation of delivery and is taken to have been given on the Business Day after it is sent.
- (d) A notice sent by any other electronic means nominated by the Shareholder is taken to be given on the Business Day after it is sent.
- (e) Where the Company gives a notice under rule 122.1(a)(v) by exhibiting it at the registered office of the Company, service of the notice is to be taken to be effected when the notice was first so exhibited.

22.6 Other communications and documents

Rules 22.1 to 22.5 (inclusive) apply, so far as they can and with necessary changes, to the service of any communication or document.

22.7 Written notices

A reference in this constitution to a written notice or a notice in writing includes a notice given by fax, electronic mail, any electronic means or another form of written communication.

23 General

23.1 Costs

Costs incurred in connection with the administration of the Company will be borne by the A-Class Shareholder, but will not contribute for the purposes of calculating Revenue or EBTIDA or whether or not hurdles are met for the purposes of the Options.

23.2 Adoption, modification or repeal of constitution

In addition to any requirements under the Corporations Act, the Company must not adopt a new constitution, or modify or repeal this constitution, without BidCo's prior written consent.

23.3 Currency

An amount payable to the holder of a share, whether by way of or on account of dividend, return of capital, participation in the property of the Company on a winding up or otherwise, may be paid, with the agreement of the holder or pursuant to the terms of issue of the share, in the currency of a country other than Australia and the directors may fix a date up to 30 days before the payment date as the date on which any applicable exchange rate will be determined for that purpose.

23.4 Submission to jurisdiction

Each Shareholder submits to the non-exclusive jurisdiction of the Supreme Court of the State or Territory in which the registered office of the Company is located, the Federal Court of Australia and the Courts which may hear appeals from those Courts.

23.5 Prohibition and enforceability

- (a) Any provision of, or the application of any provision of, this constitution which is prohibited in any place is, in that place, ineffective only to the extent of that prohibition.
- (b) Any provision of, or the application of any provision of, this constitution which is void, illegal or unenforceable in any place does not affect the validity, legality or enforceability of that provision in any other place or of the remaining provisions in that or any other place.

Schedule 1 Dictionary

1 Dictionary

In this constitution:

A-Class Share means a share in the issued capital of the Company as described in rule 3.3.

A-Class Shareholder means REA as the sole holder of A-Class Share(s).

Accelerated Call Option has the meaning given to it in rule 8.2.

Accounting Standards means:

- (a) the accounting standards approved under the Corporations Act and the requirements of that law about the preparation and content of accounts; and
- (b) generally accepted and consistently applied principles and practices in Australia, except those inconsistent with the standards or requirements referred to in paragraph (a),

and in relation to a company incorporated outside Australia, the equivalent accounting standards, principles and practices in the jurisdiction of incorporation.

Affiliate means:

- (a) in respect of an individual, a spouse, parent, child, sibling or lineal descendant of that individual; or
- (b) in respect of a body corporate, another body corporate that directly or indirectly controls, or is controlled by, or is under common control with, the first body corporate.

B-Class Share means a share in the issued capital of the Company as described in rule 3.4.

B-Class Shareholder means a holder of a B-Class Share.

Base Amount means \$4.00.

BidCo means Austin Bidco Pty Ltd ACN 609 050 393.

Budget means a budget for the Business adopted by the board of BidCo in accordance with the Shareholders' Deed, or otherwise applicable as a result of operation of the Shareholders' Deed.

Business has the meaning given to it in the Shareholders' Deed.

Business Day means a day on which banks are open for business excluding Saturdays, Sundays or public holidays in Melbourne, Victoria.

Call Option has the meaning given to it in rule 6.

Commencement Date has the same definition as it does in the Shareholders' Deed.

Company means Austin Rollco Limited ACN 609 413 505.

Company Default Call Option has the meaning given to it in rule 15.3(a).

Control has the meaning given in section 50AA of the Corporations Act, and **Controller** has a corresponding meaning.

Corporations Act means the *Corporations Act 2001* (Cth) as amended from time to time and includes any regulations made under that Act.

Covenantor means each of:

- (a) the A-Class Shareholder; and
- (b) each B-Class Shareholder that holds a Relevant Interest in 5% or more of the B-Class Shares.

Deal with in relation to property (including a Share) means:

- (a) to create a Security Interest in the property;
- (b) to create an interest in, assign any benefit of or otherwise dispose of or deal with the property, other than to Transfer the property;
- (c) to agree to, or grant, any option which, if exercised, would enable a person to transfer or assign any benefit of or otherwise dispose of or deal with the property;
- (d) to transfer or to enter into any arrangement to transfer the economic benefit of property to another person;
- (e) to alienate, or create any entitlement to, a legal or beneficial interest or right in or in respect of that property (or any interest in it or any part of it) whether before, on or after the person obtains any interest in the property;
- (f) in relation to a Share, to grant to any person the right to exercise the voting rights of the Share, or to enter into any arrangement to exercise the voting rights of the Share in any way, such as by power of attorney, proxy or under s 250D of the Corporations Act, other than in accordance with the instructions of the Shareholder; or
- (g) to agree or offer to do any of the things listed in rules (a) to (f).

Dealing in relation to property means an act that Deals with that property but does not Transfer that property.

Defaulting Party has the meanings given to it in rules 15.1(a) and 15.1(b).

Default Options means Shareholder Default Call Option, Default Put Option and Company Default Call Option.

Default Put Option has the meaning given to it in rule 15.3(b).

Dollars, A\$ and \$ mean the lawful currency of Australia.

EBITDA means earnings before interest, tax, depreciation and amortisation, and in the case of the Group means the consolidated earnings before interest, tax, depreciation and

amortisation of the Group as set out in the Financial Statements for the Group and otherwise determined in accordance with this constitution or the Shareholders' deed.

Emergency Option Amount means, for each relevant B-Class Share:

(a) in the first 12 months from the Commencement Date,

$$\text{Base amount} \times \left(1 + 0.035 \times \frac{\text{number of days from commencement date}}{365}\right); \text{ and}$$

(b) at any time after the period referred to in paragraph (a),

$$\text{Base amount} \times 1.035 \times \left(1 + 0.035 \times \frac{\text{number of days from commencement date} - 365}{365}\right)$$

Emergency Put Option has the meaning given to it in rule 8.1(d).

Event of Default has the meanings given to it in rules 15.1(a) and 15.1(b).

Final Option Exercise Price means each of the First Option Exercise Price and the Second Option Exercise Price, as applicable, which have been deemed to be the Final Option Exercise Prices for the purposes of this constitution pursuant to Schedule 3.

Financial Statements in relation to any period means:

- (h) a profit and loss statement for that period;
- (i) a balance sheet as at the end of that period;
- (j) a statement of cash flows for that period; and
- (k) if required by any Accounting Standard, a consolidated profit and loss statement, balance sheet and statement of cash flows in relation to that period,

together with any notes to those financial statements, a director's declaration in respect of those financial statements and notes (if required under the Corporations Act) and any other information necessary to give a true and fair view of the financial position and performance of the relevant entity or group.

Financial Year means:

- (a) each period of 12 months commencing on 1 January and ending on 31 December; and
- (b) the period commencing on the last 1 January before the date of termination of the Shareholders' Deed and ending on that date of termination.

First Put Option has the meaning given to it in rule 5(a).

First Option Exercise Price means, for each First Option Share, if FY16 Actual Revenue is:

- (a) less than FY16 Hurdle Target Revenue, the FY16 Base Adjustment Amount;
- (b) equal to or greater than FY16 Hurdle Target Revenue, but less than FY16 Outperformance Target Revenue, the FY16 Hurdle Amount; and

- (c) equal to or greater than FY16 Outperformance Target Revenue, the FY16 Outperformance Amount.

First Option Period means the 20 day period commencing on the date that notice of the final and binding First Option Exercise Price is sent to Shareholders under rule 7.3.

First Option Shares such number of B-Class Shares held by a B-Class Shareholder, being not less than 25% and not more than 50% of the B-Class Shares held by that B-Class Shareholder on the commencement of the First Option Period (rounded down to the nearest whole number).

FY15 means the Financial Year ending 31 December 2015.

FY16 means the Financial Year ending 31 December 2016.

FY16 Actual Revenue means the Revenue of the Group as set out in the FY16 Financial Statements, as adjusted in accordance with Schedule 2.

FY16 Base Adjustment Amount means Base Amount multiplied by 1.035.

FY16 Budget means the Budget applicable under this deed for the conduct of the Business during FY16.

FY16 Financial Statements means the audited Financial Statements for the Group prepared in respect of the Financial Year ending 31 December 2016.

FY16 Hurdle Amount means Base Amount multiplied by 1.13.

FY16 Hurdle Target Revenue means \$45,000,000 in Revenue.

FY16 Outperformance Amount means Base Amount multiplied by 1.15.

FY16 Outperformance Target Revenue means \$51,750,000 in Revenue.

FY17 means the Financial Year ending 31 December 2017.

FY17 Actual EBITDA means the EBITDA of the Group as set out in the FY17 Financial Statements for the Group, as adjusted in accordance with Schedule 2.

FY17 Actual Revenue means the Revenue of the Group as set out in the FY17 Financial Statements for the Group, as adjusted in accordance with Schedule 2.

FY17 Base Adjustment Amount means Base Amount multiplied by 1.071225.

FY17 Budgeted Opex means the Group's budgeted Opex for FY17.

FY17 Budget means the Budget adopted by the board of BidCo, or otherwise applicable pursuant to this deed, for the conduct of the Business during FY17.

FY17 EBITDA Tranche Price means, if FY17 Actual EBITDA is:

- (a) less than 90% of FY17 Hurdle Target EBITDA, the FY17 Base Adjustment Amount;
- (b) equal to or greater than 90% of FY17 Hurdle Target EBITDA, but less than 100% of the FY17 Hurdle Target EBITDA (with such proportion achieved being the **Achieved Proportion**), the Achieved Proportion of the FY17 Hurdle Amount;

- (c) equal to or greater than FY17 Hurdle Target EBITDA, but less than FY17 Outperformance Target EBITDA, the FY17 Hurdle Amount; and
- (d) equal to or greater than FY17 Outperformance Target EBITDA, the FY17 Outperformance Amount.

FY17 Financial Statements means the audited Financial Statements for the Group prepared in respect of the Financial Year ending 31 December 2017.

FY17 Hurdle Amount means Base Amount multiplied by 1.2769.

FY17 Hurdle Target EBITDA means \$22,000,000 in EBITDA.

FY17 Hurdle Target Revenue means \$67,000,000 in Revenue.

FY17 Outperformance Amount means Base Amount multiplied by 1.3225.

FY17 Outperformance Target EBITDA means \$25,300,000 in EBITDA.

FY17 Outperformance Target Revenue means \$77,050,000 in Revenue.

FY17 Revenue Tranche Price means, if FY17 Actual Revenue is:

- (a) less than FY17 Hurdle Target Revenue, the FY17 Base Adjustment Amount;
- (b) equal to or greater than FY17 Hurdle Target Revenue, but less than FY17 Outperformance Target Revenue, the FY17 Hurdle Amount; and
- (c) equal to or greater than FY17 Outperformance Target Revenue, the FY17 Outperformance Amount.

Group means BidCo and each Subsidiary of BidCo and **Group Company** means any of them.

Guarantor means REA Group Limited ACN 068 349 066.

Immediately Payable Funds means payment by bank cheque or electronic funds transfer into an account nominated by the B-Class Shareholder.

Implementation means the implementation of the Scheme.

Insolvency Event means the occurrence of any one or more of the following events in relation to any person:

- (a) an application is made to a court for an order, or an order is made, that it be wound up, declared bankrupt, otherwise dissolved, or that a provisional liquidator or receiver or receiver and manager be appointed, and the application is not withdrawn, struck out or dismissed within 21 days of it being made;
- (b) a liquidator or provisional liquidator is appointed;
- (c) an trustee in bankruptcy, administrator or a controller is appointed to any of its assets;
- (d) it enters into or resolves to enter into an arrangement or composition with one or more of its creditors, or an assignment for the benefit of one or more of its creditors;

- (e) it proposes a winding-up or dissolution or reorganisation, moratorium, deed of company arrangement or other administration involving one or more of its creditors;
- (f) it is insolvent as disclosed in its accounts, or otherwise states that it is insolvent, or it is presumed to be insolvent under an applicable law;
- (g) it becomes an Insolvent under Administration under the Corporations Act or action is taken which could result in that event;
- (h) it is taken to have failed to comply with a statutory demand as a result of s 459F(1) of the Corporations Act;
- (i) a notice is issued under ss 601AA or 601AB of the Corporations Act;
- (j) a writ of execution is levied against it or a material part of its property;
- (k) it ceases to carry on business or threatens to do so, other than for reorganisation or restructuring in accordance with the terms of this constitution or the Shareholders' Deed; or
- (l) anything occurs under the law of any jurisdiction which has a substantially similar effect to any of the above paragraphs of this definition.

Material Breach has the meanings given to it in rules 15.1(a)(i) and 15.1(b).

Mortgagee means any financier of the Shareholder, any agent or trustee of such financier or any financier of a holding company or subsidiary or related body corporate of the Shareholder.

Net Leverage Ratio has the meaning given to that term in the syndicated facilities agreement entered into in December 2015 between, REA, the Guarantor, certain members of the REA Group, National Australia Bank Limited, Commonwealth Bank of Australia, Westpac Banking Corporation and Australia and New Zealand Banking Group Limited.

Opex means the operating expenditure of the Group from time to time as set out in the Financial Statements.

Option means, as the case requires:

- (a) the First Put Option;
- (b) the Second Put Option;
- (c) the Call Option;
- (d) the Emergency Put Option;
- (e) the Accelerated Call Option; or
- (f) the Shareholder Default Call Option,
- (g) Default Put Option,
- (h) Tag Along Option, or
- (i) Company Default Call Option.

Option Completion Date means 10 days after the relevant Option Exercise Notice is deemed to have been received by the recipient under rule 22, or in the case of a First Put Option, Second Put Option or Call Option, 10 days after the end of the First Option Period or Second Option Period (as relevant).

Option Exercise Price means

- (a) in the case of a First Put Option, the First Option Exercise Price;
- (b) in the case of a Second Put Option or a Call Option, the Second Option Exercise Price;
- (c) In the case of a Shareholder Default Call Option or Company Default Call Option, the Base Amount;
- (d) In the case of an Emergency Put Option, the Emergency Option Amount;
- (e) In the case of a Default Put Option, an Accelerated Call Option or a Tag-along Put Option, the Outperformance Amount.

Option Exercise Notice means a written notice in a form reasonably acceptable to REA and the Company.

Option Shares means shares detailed in an Option Exercise Notice

Outperformance Amount means, for each relevant B-Class Share, Base Amount x 1.3225.

Permitted Transfer means a transfer in accordance with rule 13.

Permitted Transferee means:

- (a) in relation to a Shareholder that merely holds the Shares on trust, an Affiliate of a beneficiary of that trust; and
- (b) in any other case:
 - (i) if the Shareholder is an individual, an Affiliate of that individual;
 - (ii) if the Shareholder is a body corporate and the Ultimate Shareholder is an individual:
 - (A) an Affiliate of the Shareholder; or
 - (B) an Affiliate of the Ultimate Shareholder;
 - (iii) if the Shareholder is a body corporate and there is no Ultimate Shareholder, an Affiliate of the Shareholder; or
 - (iv) if the Shareholder is a body corporate and the Ultimate Shareholder is a body corporate, an Affiliate of the Ultimate Shareholder.

PPS Act means the *Personal Property Securities Act 2009* (Cth).

PPS Security Interest means a security interest as defined in the PPS Act.

Preliminary Option Exercise Price has the meaning given to that term in rule 7.2(a).

Put Options means any put option provided to a B-Class Shareholder under this constitution.

REA means realestate.com.au Pty Limited ACN 080 195 535.

REA Covenant Breach has the meaning given to that term in rule 8.1(b).

REA Group means the Guarantor and each of its wholly and partly-owned Subsidiaries.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Revenue means the consolidated revenue of the Group as set out in the Group's Financial Statements and otherwise determined in accordance with this constitution or the Shareholders' Deed.

Representative, in relation to a body corporate, means a representative of the body corporate appointed under section 250D of the Corporations Act or a corresponding previous law.

Scheme means a members' scheme of arrangement under Part 5.1 of the Corporations Act between the Target and the its shareholders under which the REA Group acquires all of the shares in the Target, as announced on the ASX on 2 November 2015.

Scheme Shareholders has the meaning given to it in the Scheme.

Seal means any common seal, duplicate seal, share seal or certificate seal of the Company.

Second Option Exercise Price means for each Second Option Share $((\text{FY17 Revenue Tranche Price}^{0.5} + \text{FY17 EBITDA Tranche Price}^{0.5})/2)^2$.

Second Option Period means, the 20 day period commencing on the date that notice of the final and binding Second Option Exercise Price is sent to Shareholders under rule 7.3.

Second Option Shares means all of the B-Class Shares held by the relevant B-Class Shareholder on the commencement of the Second Option Period.

Second Put Option has the meaning given to it in rule 5(b).

Security Interest means:

- (a) any third party rights or interests including a mortgage, bill of sale, charge, lien, pledge, trust, encumbrance, power or title retention arrangement, right of set-off, assignment, garnishee order or monetary claim and flawed deposit arrangements or any arrangement having a similar effect; and
- (b) a PPS Security Interest,

and includes any agreement to create any of them or allow any of them to exist.

Share means a share in the Company.

Shareholder means a holder of Share(s) in the Company.

Shareholder Default Call Option has the meaning given to it in rule 15.3(c).

Shareholders' Deed means the agreement between REA, the Company and BidCo and governing the affairs of BidCo, dated 7 December 2015.

Subsidiary has the meaning given to it in s 49 of the Corporations Act.

Tag-along Put Option has the meaning given to it in rule 8.3(a).

Target means iProperty Group Limited ACN 126 188 538.

Target Group means the Target and each of its wholly and partly-owned Subsidiaries.

Transfer means to sell a legal or beneficial interest in.

Territory means South-East Asia, which for the purposes of this Constitution:

- (a) includes Hong Kong, Taiwan and Macau; but
- (b) excludes any other parts of China, Japan and India.

Transmission Event means:

- (a) in respect of a Shareholder of the Company who is an individual:
 - (i) the death of the Shareholder;
 - (ii) the bankruptcy of the Shareholder; or
 - (iii) the Shareholder becoming of unsound mind or a person who is, or whose estate is, liable to be dealt with in any way under the law relating to mental health; and
- (b) in respect of a Shareholder of the Company who is a body corporate, the dissolution of the Shareholder or the succession by another body corporate to the assets and liabilities of the Shareholder.

Ultimate Shareholder in relation to Shares means the ultimate holding company or person of the Shareholder at the time the Shareholder first acquired or was issued:

- (a) those Shares; or
- (b) the right to acquire or have issued those Shares.

2 Interpretation

- (a) A reference in a rule to a partly paid share is a reference to a share on which there is an amount unpaid.
- (b) In a rule relating to partly paid shares, a reference to a call or an amount called in respect of a share includes a reference to a sum that, by the terms of issue of a share, becomes payable on issue or at a fixed date.
- (c) A Shareholder is to be taken to be present at a general meeting if the Shareholder is present in person or by proxy, attorney or Representative.
- (d) A director is to be taken to be present at a meeting of directors if the director is present in person or by alternate director.

- (e) Where a provision of this constitution establishes an office of chair, the chair may be referred to as a chairman or chairwoman, as the case requires.
- (f) A reference in a rule in general terms to a person holding or occupying a particular office or position includes a reference to any person who occupies or performs the duties of that office or position for the time being.
- (g) In this constitution, headings and underlinings are for convenience only and do not affect the interpretation of this constitution and, unless the contrary intention appears:
 - (i) words importing the singular include the plural and vice versa;
 - (ii) words importing a gender include every other gender;
 - (iii) words used to denote persons generally or importing a natural person include any company, corporation, body corporate, body politic, partnership, joint venture, association, board, group or other body (whether or not the body is incorporated);
 - (iv) a reference to a person includes that person's successors and legal personal representatives;
 - (v) a reference to any statute, regulation, proclamation, ordinance or by-laws includes all statutes, regulations, proclamations, ordinances or by-laws varying, consolidating or replacing them and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute; and
 - (vi) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.

3 Application of the Corporations Act

- (a) This constitution is to be interpreted subject to the Corporations Act.
- (b) Unless the contrary intention appears in this constitution, an expression in a rule that deals with a matter dealt with by a provision of the Corporations Act, has the same meaning as in that provision.
- (c) Subject to paragraph (b), unless the contrary intention appears in this constitution, an expression in a rule that is defined in section 9 of the Corporations Act has the same meaning as in that section.

4 Exercise of powers

- (a) The Company may exercise in any manner permitted by the Corporations Act any power which under the Corporations Act a company limited by shares may exercise if authorised by its constitution.
- (b) Where this constitution provides that a person or body may do a particular act or thing and the word "may" is used, the act or thing may be done at the discretion of the person or body.

- (c) Where this constitution confers a power to do a particular act or thing, the power is, unless the contrary intention appears, to be taken as including a power exercisable in the like manner and subject to the like conditions (if any) to repeal, rescind, revoke, amend or vary that act or thing.
- (d) Where this constitution confers a power to do a particular act or thing with respect to particular matters, the power is, unless the contrary intention appears, to be taken to include a power to do that act or thing with respect to some only of those matters or with respect to a particular class or particular classes of those matters and to make different provision with respect to different matters or different classes of matters.
- (e) Where this constitution confers a power to make appointments to any office or position, the power is, unless the contrary intention appears, to be taken to include a power:
 - (i) to appoint a person to act in the office or position until a person is appointed to the office or position;
 - (ii) subject to any contract between the Company and the relevant person, to remove or suspend any person appointed, with or without cause; and
 - (iii) to appoint another person temporarily in the place of any person so removed or suspended or in place of any sick or absent holder of such office or position.
- (f) Where this constitution confers a power or imposes a duty then, unless the contrary intention appears, the power may be exercised and the duty must be performed from time to time as the occasion requires.
- (g) Where this constitution confers a power or imposes a duty on the holder of an office as such then, unless the contrary intention appears, the power may be exercised and the duty must be performed by the holder for the time being of the office.
- (h) Where this constitution confers power on a person or body to delegate a function or power:
 - (i) the delegation may be concurrent with, or to the exclusion of, the performance or exercise of that function or power by the person or body;
 - (ii) the delegation may be either general or limited in any manner provided in the terms of delegation;
 - (iii) the delegation need not be to a specified person but may be to any person from time to time holding, occupying or performing the duties of, a specified office or position;
 - (iv) the delegation may include the power to delegate;
 - (v) where the performance or exercise of that function or power is dependent upon the opinion, belief or state of mind of that person or body in relation to a matter, that function or power may be performed or exercised by the delegate upon the opinion, belief or state of mind of the delegate in relation to that matter; and

- (vi) the function or power so delegated, when performed or exercised by the delegate, is to be taken to have been performed or exercised by the person or body.
-

5 Replaceable rules not to apply

The replaceable rules applicable to a public company contained in the Corporations Act from time to time do not apply to the Company.

6 Single Shareholder company

If at any time the Company has only one Shareholder then, unless the contrary intention appears:

- (a) a reference in a rule to the “Shareholders” is a reference to that Shareholder; and
- (b) without limiting paragraph (a), a rule which confers power or imposes an obligation on the Shareholders to do a particular act or thing confers that power or imposes that obligation on that Shareholder.

Schedule 2 Accounting principles

Part A General

It is intended that the FY16 Actual Revenue, FY17 Actual Revenue and FY17 Actual EBITDA represent, in each case, the Revenue and EBITDA of the Business during the FY16 and FY17 (either being a **relevant period**) as if, during the relevant period, the Business had been conducted in the ordinary course¹ and in the manner contemplated by the then current Business Plan.

For the purpose of calculating Revenue and EBITDA to determine each relevant Option Exercise Price, the following principles must be followed unless the Company provides written notice that, in respect of any relevant matter, no adjustment to Revenue or EBITDA is required:

- (a) Revenue and the profit and loss statement from which EBITDA is derived must be calculated in accordance with applicable Australian equivalent of IFRS accounting standards (as applied and disclosed in the preparation of the audited Financial Statements for the Target Group prepared in respect of FY15) and, in the case of EBITDA, including any costs associated with any long term incentive plan operated by the Group in the relevant period.
- (b) Any Revenue earned or expenses incurred by the Business other than in the ordinary course of business (as described above) must be disregarded in calculating Revenue and EBITDA.
- (c) Any expenses incurred by the Business in a relevant period shall be disregarded in calculating EBITDA, to the extent that such expense only falls within the relevant period as a result of being accelerated or deferred and such acceleration or deferral would not have occurred in the ordinary course of business.
- (d) Any Revenue earned by the Business in a relevant period shall be included in calculating Revenue or EBITDA, to the extent that such Revenue would have fallen within the relevant period had it not been accelerated or deferred and such acceleration or deferral would not have occurred in the ordinary course of business (it being acknowledged that revenue deferral for depth listing is in the ordinary course of business).
- (e) If part or all of the business of the Business is sold or ceases to operate (**Disposed Business**) during a relevant period then an amount equal to the Revenue and EBITDA that was budgeted to have been earned had the Disposed Business not been sold must be included in the Revenue and / or EBITDA for the relevant period, however any profit or loss realised on the sale, together with any associated or allocated costs incurred in relation to the sale, are not to be included in EBITDA.
- (f) If the Business acquires or commences a new business (**New Business**) during a relevant period, any revenue and expenses earned in or incurred by the New Business will be disregarded in calculating the Revenue and EBITDA, together with any associated or allocated costs incurred in relation to the acquisition .

¹ Items that are one-off or non-recurring in nature and which are not related to the underlying trading activities of the business will be treated as not being in the ordinary course of business

- (g) If the Business enters a new market during a relevant period, any Revenue and expenses earned in or incurred in respect of the new market will be disregarded in calculating Revenue and EBITDA.
- (h) Any payments, costs or expenses made or incurred by the Business in connection with the Scheme will be disregarded in calculating Revenue and EBITDA.
- (i) Any payments, costs or expenses made or incurred by the Business as a result of litigation engaged in by the Business during the earn out period in respect of a matter which is outside the ordinary course of business shall be disregarded in calculating EBITDA.
- (j) Any payments, costs or expenses made or incurred by the Business as a result of litigation engaged in by the Business during the earn out period in respect of a matter which is within the ordinary course of business shall be disregarded in calculating EBITDA to the extent that such costs exceed \$500,000.
- (k) Any payments, costs or expenses arising from BidCo's ownership of the Target (such as public company costs, travel related costs for personnel of the REA Group and any other corporate overheads arising under BidCo's ownership of the Target) shall be disregarded in calculating EBITDA to the extent that such costs exceed the equivalent costs for the Target as set out in the Target's FY15 accounts.
- (l) Any payments, costs or expenses made or incurred by the Business in connection with the administration of the Company shall be disregarded in calculating EBITDA.

Part B Opex

If BidCo adopts, or proposes a change to, or otherwise incurs Opex which is inconsistent with the FY17 Budgeted Opex and which increases FY17 Budgeted Opex by more than 5% in total (such FY17 Budgeted Opex plus the excess above 5% being the Expenditure Cap), then EBITDA for the relevant period must be increased by the amount the actual Opex exceeds the Expenditure Cap.

Schedule 3

Review, acceptance and finalisation of Option Exercise Prices

- (a) The Company must review the Preliminary Option Exercise Prices within 10 Business Days from the date the Company is notified of the relevant Preliminary Option Exercise Price (the **Option Price Review Period**).
- (b) During the Option Price Review Period, BidCo must ensure that the Company and the Company's accountant are provided with reasonable access (including provision of electronic copies via email) during business hours to:
 - (i) documents and working papers which have been prepared, used or relied on in the calculation of the Preliminary Option Exercise Price; and
 - (ii) BidCo's accountant, its documents, working papers and personnel.
- (c) If the Company notifies BidCo and the A-Class Shareholder that it agrees with BidCo's calculation of the Revenue and EBITDA and the Preliminary Option Exercise Price then the Preliminary Option Exercise Price will be deemed to be the relevant Final Option Exercise Price for the purposes of this constitution.
- (d) If the Company notifies the A-Class Shareholder that it disputes the relevant Preliminary Option Exercise Price, then:
 - (i) the Company must give notice (the **Option Price Dispute Notice**) in writing to BidCo and the A-Class Shareholder within the Option Price Review Period that the relevant Preliminary Option Exercise Price is disputed. The Option Price Dispute Notice must set out:
 - (A) details of each of the items in dispute;
 - (B) reasonable details of the reasons why each of these matters are disputed; and
 - (C) the Company's calculation of the relevant Preliminary Option Exercise Price together with the relevant Revenue and/or EBITDA.
- (e) If the Company does not notify BidCo and the A-Class Shareholder under either paragraphs (c) or (d) above within the applicable time period in paragraph (a), the Company will be deemed to have disagreed with BidCo's Preliminary Option Exercise Price and paragraphs (f) to (m) will apply.
- (f) The Company, the A-Class Shareholder and BidCo must, in good faith and for a period of 10 Business Days following the earlier of the date upon which the Company gives the Option Price Dispute Notice to BidCo and the A-Class Shareholder or a deemed disagreement under paragraph (e), attempt to negotiate a resolution of the dispute.
- (g) If the Company, the A-Class Shareholder and BidCo agree upon a resolution of the dispute then the Preliminary Option Exercise Price, as amended (if applicable) by agreement between the Company, the A-Class Shareholder and BidCo, will be deemed to be the Final Option Exercise Price for the purposes of this constitution.
- (h) If the dispute is not resolved during the time referred to in paragraph (f) above, the dispute must as soon as reasonably practicable be referred to an expert (**Expert**)

by any party. The Expert must be an internationally recognised independent firm of chartered accountants, but not BidCo's or REA's Auditor, unless agreed to by the Company, selected by agreement between the Company and the A-Class Shareholder or, failing agreement within 5 Business Days of the end of the period referred to in paragraph (f) above, the independent firm of chartered accountants as nominated by the President for the time being of the Institute of Chartered Accountants of Australia.

- (i) Within 5 Business Days of the referral to the Expert, the relevant parties must provide to the Expert:
 - (i) the Preliminary Option Exercise Price;
 - (ii) access to all documents and working papers which have been prepared, used or relied on in the preparation of the Preliminary Option Exercise Price including, to the extent possible, access to BidCo's accountant, its documents, working papers and personnel;
 - (iii) the Option Price Dispute Notice (if applicable); and
 - (iv) any submissions it wishes the Expert to consider.
- (j) the A-Class Shareholder and the Company will direct the Expert to make his or her determination of the correct amount of the Option Exercise Price in writing:
 - (i) as soon as is reasonably practicable (but no longer than 10 Business Days following the date the relevant parties have provided the information referred to in paragraph (i) to the Expert) and will give the Expert all reasonable assistance as appropriate or as requested by the Expert from time to time; and
 - (ii) in accordance with the policies, methodologies and principles described in Schedule 2.
- (k) The Preliminary Option Exercise Price, as amended (if applicable) in accordance with the Expert's determination, will, in the absence of manifest error, be deemed to be the Final Option Exercise Price for the purposes of this constitution.
- (l) The responsibility for the costs of the Expert as between the A-Class Shareholder and the B-Class Shareholders will be determined by the Expert having regard to the relative position of the parties on the disputed matters, and the relative strengths of each position, and must be paid by the A-Class Shareholder.
- (m) Any amounts paid by the A-Class Shareholder under paragraph (l) which are the responsibility of the B-Class Shareholders under paragraph (l) in relation to a dispute will be satisfied by the A-Class Shareholder deducting the amount of those costs from the aggregate amount payable to the B-Class Shareholders whose B-Class Shares are purchased upon exercise of the relevant option, prior to making such payment.

Notice of Scheme Meeting

iProperty Group Limited ACN 126 188 538 (**iProperty**)

Notice is hereby given that, by an order of the Federal Court of Australia (**the Court**) made on 14 December 2015, pursuant to subsection 411(1) of the Corporations Act, a meeting of iProperty Shareholders (other than Excluded Shareholders) will be held at the Radisson Blu Hotel, 27 O'Connell Street, Sydney, New South Wales, Australia on 28 January 2016, commencing at 10:00 am (Sydney time).

Purpose of the meeting

The purpose of the meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which iProperty and REA agree) proposed to be made between iProperty and iProperty Shareholders (other than Excluded Shareholders) (the **Scheme**).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this notice forms part.

Scheme Resolution

The meeting will be asked to consider and, if thought fit, pass (with or without amendment) the following resolution (the **Scheme Resolution**):

'That, pursuant to and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between iProperty Group Limited and the holders of its ordinary shares (other than the Excluded Shareholders), as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Federal Court of Australia to which iProperty Group Limited and realestate.com.au Pty Limited agree.'

Chair

The Court has directed that Patrick Grove is to act as chair of the meeting (and that, if Patrick Grove is unable or unwilling to attend John Armstrong is to act as chair of the meeting) and has directed the chair to report the result of the Scheme Resolution to the Court.

Dated 14 December 2015

By order of the Court and the iProperty Independent Directors

sign here ► 

Company Secretary

print name Nicholas Geddes

Explanatory notes

1 General

This notice of scheme meeting relates to the Scheme and should be read in conjunction with iProperty's scheme booklet dated on or about the date of this notice of scheme meeting (the **Scheme Booklet**) of which this notice forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution.

A copy of the Scheme is set out in Annexure 5 of the Scheme Booklet.

Capitalised terms used but not defined in this notice have the defined meanings set out in section 12 of the Scheme Booklet, unless the context otherwise requires.

2 Shareholder approval

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Scheme Resolution must be agreed to by:

- unless the Court orders otherwise, a majority in number of iProperty Shareholders (other than Excluded Shareholders) present and voting (either in person or by proxy, attorney or, in the case of corporate iProperty Shareholders, body corporate representative) at the Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution (either in person or by proxy, attorney or, in the case of corporate iProperty Shareholders, body corporate representative).

3 Court approval

Under paragraph 411(4)(b) of the Corporations Act, the Scheme (with or without amendment or any alteration or condition required by the Court) is subject to the approval of the Court. If the Scheme Resolution is passed by the Requisite Majorities and the other Conditions Precedent to the Scheme (other than approval by the Court) are satisfied or waived by the time required under the Scheme, iProperty intends to apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

4 Entitlement to vote

It has been determined that the time for determining eligibility to vote at the Scheme Meeting is 7:00 pm (Sydney time) on 26 January 2016. Only those iProperty Shareholders (other than Excluded Shareholders) entered on the iProperty Share Register at that time will be entitled to attend and vote at the meeting, either in person, by proxy or attorney, or in the case of a corporate iProperty Shareholder, by a body corporate representative. The remaining comments in these explanatory notes are addressed to iProperty Shareholders entitled to attend and vote at the meeting.

5 How to vote

Voting will be conducted by poll.

If you are an iProperty Shareholder entitled to vote at the meeting, you may vote by:

- attending and voting in person;
- appointing one or two proxies to attend and vote on your behalf, using the proxy form that accompanied the Scheme Booklet (which may be lodged online);
- appointing an attorney to attend and vote on your behalf, using a power of attorney; or
- in the case of a body corporate, appointing a body corporate representative to attend the meeting and vote on your behalf, using a certificate of appointment of body corporate representative.

6 Attendance

If you or your proxies, attorneys or representative(s) plan to attend the meeting, please arrive at the venue at least 30 minutes before the scheduled time for commencement of the meeting, so that your shareholding can be checked against the iProperty Share Register, any power of attorney or certificate of appointment of body corporate representative verified, and your attendance noted.

7 Jointly held securities

If you hold iProperty Shares jointly with one or more persons, only one of you may vote. If more than one of you attempts to vote in person at the meeting, only the vote of the holder whose name appears first on the iProperty Share Register will be counted.

See also the comments in paragraph 8.2 below regarding the appointment of a proxy by persons who jointly hold iProperty Shares.

8 Voting

8.1 Voting in person

To vote in person, you must attend the meeting.

Eligible iProperty Shareholders who wish to attend and vote at the meeting in person will be admitted and given a voting card at the point of entry to the meeting, once they have disclosed their name and address.

8.2 Voting by proxy

You may appoint one or two proxies. Your proxy need not be another iProperty Shareholder. Each proxy will have the right to vote on the poll and also to speak at the meeting.

To appoint a proxy, you should complete and return the proxy form that accompanied the Scheme Booklet in accordance with the instructions on that form. You must deliver the signed and completed proxy form to the iProperty Share Registry by 10:00am (Sydney time) on 26 January 2016 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) **Online:**

at <http://www.votingonline.com.au/ipgscheme> using your SRN/HIN number (as applicable) along with the VAC number noted on the front of your proxy form, and by following the instructions on that website.

(b) **by post in the provided reply paid envelope to the iProperty Share Registry:**

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia

(c) **by hand delivery (during normal business hours) to the iProperty Share Registry:**

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Australia

Please note that it will not be possible to do a hand delivery on 26 January 2016.

(d) **by fax to the iProperty Share Registry on:**

+61 2 9290 9655 (within and outside of Australia)

Proxy forms received after this time will be invalid.

If a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the iProperty Share Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the iProperty Share Registry before the start of the meeting (or, if the meeting is adjourned or postponed, before the resumption of the meeting in relation to the resumed part of the meeting) in any of the ways described in paragraphs 8.2(b), 8.2(c) or 8.2(d) above.

If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. Both proxy forms should be returned together in the same envelope. You can obtain a second proxy form from the iProperty Share Registry.

If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

If you hold iProperty Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the proxy form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Scheme Resolution, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the meeting.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

If you return your proxy form:

- without identifying a proxy on it, you will be taken to have appointed the chair of the meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the meeting, the chair of the meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The chair of the meeting intends to vote all valid undirected proxies which nominate the chair in favour of the Scheme Resolution, in the absence of a Superior Proposal.

Proxies of eligible iProperty Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting written evidence of their name and address.

Your appointment of a proxy does not preclude you from attending in person, revoking the proxy and voting at the meeting.

Replacement proxy forms can be obtained from the iProperty Share Registry.

8.3 Voting by attorney

You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be another iProperty Shareholder. Each attorney will have the right to vote on the poll and also to speak at the meeting.

The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you and specify your name, the company (that is, iProperty), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be lodged at the registration desk on the day of the meeting or be received by the iProperty Share Registry by 10:00am (Sydney time) on 26 January 2016 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) **by post in the provided reply paid envelope to the iProperty Share Registry:**

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia

(b) **by hand delivery (during normal business hours) to the iProperty Share Registry:**

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Australia

Please note that it will not be possible to do a hand delivery on 26 January 2016.

(c) **by fax to the iProperty Share Registry on:**

+61 2 9290 9655 (within and outside of Australia)

Please note that the power of attorney or a certified copy of the power of attorney cannot be lodged online.

Attorneys of eligible iProperty Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors.

Your appointment of an attorney does not preclude you from attending in person and voting at the meeting.

8.4 Voting by corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that iProperty will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be obtained from the iProperty Share Registry by calling 1300 721 637 (within Australia) or +61 2 8016 2890 (outside Australia) Monday to Friday between 8:30am to 5:30 pm (Sydney time). The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be lodged at the registration desk on the day of the meeting or received by the iProperty Share Registry before 10:00 am (Sydney time) on 26 January 2016 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) **by post in the provided reply paid envelope to the iProperty Share Registry:**

Boardroom Pty Limited
GPO Box 3993

Sydney NSW 2001
Australia

- (b) **by hand delivery (during normal business hours) to the iProperty Share Registry:**

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Australia

Please note that it will not be possible to do a hand delivery on 26 January 2016.

- (c) **by fax to the iProperty Share Registry on:**

+61 2 9290 9655 (within and outside of Australia)

Please note that a certificate of appointment of body corporate representative cannot be lodged online.

If a certificate is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the iProperty Share Registry.

Body corporate representatives of eligible iProperty Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address and the name of their appointors.

9 Advertisement

Where this notice of scheme meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the meeting from the ASX website (<http://www.asx.com.au>) or by contacting the Company Secretary of iProperty or the iProperty Share Registry.

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Corporate directory

iProperty Group Limited

Suite 904, Level 9
Chifley Tower
2 Chifley Square
Sydney, NSW 2000
Australia

Financial adviser

Goldman Sachs Australia Pty Ltd
Level 46
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia

iProperty Share Registry

Boardroom Pty Limited
Level 12
225 George Street
Sydney NSW 2000
Australia

Australian legal adviser

Herbert Smith Freehills
Level 34, ANZ Tower
161 Castlereagh Street
Sydney NSW 2000
Australia

Stock exchange listing

iProperty ordinary shares are quoted by the Australian Securities Exchange (ASX:IPP).

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am on Tuesday, 26 January 2016 (Sydney time)**

TO LODGE YOUR PROXY ONLINE

- STEP 1: VISIT** www.votingonline.com.au/ipgscheme
STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)
STEP 3: Enter your Voting Access Code (VAC):

BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE SCHEME MEETING PROXY FORM

Terms defined in iProperty Group Limited's scheme booklet dated on or about 14 December 2015 (**Scheme Booklet**) have the same meaning in this form, unless the context otherwise appears.

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 Scheme 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 Scheme Meeting and vote. If you wish to appoint a second proxy, an additional Scheme Meeting 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:

- complete two Scheme Meeting Proxy Forms. On each Scheme Meeting 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; and
- 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 in Step 2 of this Proxy Form. All your iProperty Shares will be voted in accordance with such a direction unless you indicate only a portion of iProperty Shares are to be voted on the item of business by inserting the percentage or number that you wish to vote in the appropriate box. If you do not mark any of the boxes on the item, your proxy may vote as he or she chooses. If you mark more than one box on the item for all your iProperty Shares your vote on the 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 Scheme Meeting must have provided an "Appointment of Corporate Representative" form prior to admission. An Appointment of Corporate Representative form can be obtained from Boardroom Pty Limited. It cannot be lodged online.

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 Boardroom Pty Limited. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it. However, please note that a power of attorney or a certified photocopy of the Power of Attorney cannot be lodged online.

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. If the company (pursuant to s 204A of the Corporations Act) does not have a Company Secretary, a Sole Director can also sign alone. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT


Scheme Meeting Proxy Forms (and any Power of Attorney under which they are signed) must be received no later than 48 hours before the commencement of the Scheme Meeting, therefore by **10:00 am on Tuesday, 26 January 2016 (Sydney time)**. Any Proxy Form received after that time will not be valid for the scheduled Scheme Meeting.

Scheme Meeting Proxy Forms may be lodged as follows

 **Online** www.votingonline.com.au/ipgscheme

 **By Fax** + 61 2 9290 9655

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

 **In Person** Level 12, 225 George Street,
Sydney NSW 2000 Australia

(during normal business hours –
however it will not be possible to do a
hand delivery on 26 January 2016)

Attending the Scheme Meeting

If you wish to attend the Scheme Meeting please bring this form with you to assist registration. Proxies will be admitted to the meeting and given a voting card after they have provided written evidence of their name and address.

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.**

SCHEME MEETING 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 Scheme Meeting of the Company to be held at the **Radisson Blu Hotel, 27 O'Connell Street, Sydney NSW Australia on Thursday, 28 January 2016 at 10:00am (Sydney time)** and at any adjournment of that Scheme 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 the item of business below.

STEP 2 VOTING DIRECTIONS
* If you mark the Abstain box for the item below, 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	'That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between iProperty Group Limited and the holders of its ordinary shares (other than the Excluded Shareholders), as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Federal Court of Australia to which iProperty Group Limited and realestate.com.au Pty Limited agree.	<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	Securityholder 2	Securityholder 3
<div style="border: 1px solid black; width: 250px; height: 30px;"></div>	<div style="border: 1px solid black; width: 250px; height: 30px;"></div>	<div style="border: 1px solid black; width: 250px; height: 30px;"></div>
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date / / 2016