

31 August 2020

The Manager  
ASX Market Announcements  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000  
**By E-lodgement**

Dear Sir/Madam

**Notice of Extraordinary General Meeting and Proxy Form**

Pursuant to ASX Listing Rule 3.17, I attach copies of the following documents:

1. Letter to Shareholders regarding arrangements for the Extraordinary General Meeting as dispatched to Shareholders;
2. Notice of Extraordinary General Meeting and Independent Expert's Report; and
3. Proxy Form.

Yours sincerely



**Lee Mitchell**  
Company Secretary  
Real Estate Investar Group Limited

28 August 2020

Dear Shareholder

**Extraordinary General Meeting of Real Estate Investar Group Limited – to be held on Wednesday 30 September 2020 at 10:30am (AEST)**

The Real Estate Investar Group Limited Extraordinary General Meeting (EGM) will be held on Wednesday 30 September 2020 at 10.30am (AEST) via teleconference.

Due to the COVID-19 pandemic and related issues, the EGM will be held virtually through the GoToWebinar online portal, hosted by the Company and attended by the Company's share registry, Boardroom Pty Limited.

Details of how to participate in the meeting are as follows:

Please click on the link below:

<https://register.gotowebinar.com/register/4748492062374887949>

Shareholders are required to register at the above link in order to obtain access details necessary to attend this meeting via the GoToWebinar Conferencing facilities that have been put in place. Please complete registration using the above link. Once registered you will receive detailed instructions on how to attend and participate in the meeting (including web links and telephone dial in details)

In accordance with section 5(1) of the Corporations (Coronavirus Economic Response) Determination (No. 1) 2020 made by the Commonwealth Treasurer on 5 May 2020, the Notice of EGM, accompanying explanatory statement and annexures (**Meeting Materials**) are being made available to shareholders electronically. You will be able to access the Meeting Materials using the links below, or the ASX market announcements page on the Company's website.

To view the Notice of Meeting and Independent Expert's Report, please use the following link:

<https://boardroomlimited.com.au/egm/rev>

**Shareholders are strongly encouraged to vote by lodging a directed proxy appointing the Chair of the Meeting.** A personalised proxy is enclosed. Proxies can be lodged in accordance with the instructions on the form or online as detailed below.

**VOTING IS NOW OPEN.** To vote online in relation to the following account, please follow the instructions below:

**STEP 1:** Visit <https://www.votingonline.com.au/revegm2020>

**STEP 2:** Enter your Postcode (if within Australia) OR Country of Residence (if outside Australia)

**STEP 3:** Enter your Voting Access Code (VAC) – as contained in attached personalised proxy

**STEP 4:** Follow the prompts to vote on each resolution

**Important Note:** For your voting instructions to be valid and counted towards this meeting please ensure your online lodgement is received no later than **10.30am (AEST) on 28 September 2020**. Voting instructions received after this time will not be valid for the scheduled meeting.

You can also update your communications preferences to ensure you receive all future communications from the Company electronically, by updating your shareholder details online via <https://www.investorserve.com.au/>. To log in you will need your SRN/HIN and postcode (or country for overseas residents).

Because the conditions and potential restrictions and other requirements for meetings relating to COVID-19 are rapidly changing, if it becomes necessary or appropriate to make alternative arrangements to those set out in the Notice of Meeting the Company will announce the alternative arrangements to ASX. Shareholders are encouraged to check for announcements at the ASX website [www.asx.com.au](http://www.asx.com.au), search code "REV".

Should you have any queries regarding your holding, or the upcoming Real Estate Investar Group Limited Extraordinary General Meeting, please contact Boardroom Pty Limited on 1300 737 760 (within Australia), +61 2 9290 9600 (outside Australia) or email [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au).

Yours sincerely,



**Lee Mitchell**  
Company Secretary  
Real Estate Investar Group Limited

**Real Estate Investar Group Limited**  
**ACN 141 276 959**  
**(To be renamed PropTech Group Limited)**

# **Notice of General Meeting and Explanatory Statement**

**Time:** 10.30am (AEST)

**Date:** Wednesday 30 September 2020

**Place:** Due to Australian Government restrictions the meeting will be held virtually via GotoWebinar online webcast hosted by the Company with no Shareholders physically able to attend (please refer to the explanatory notes for further details).

## **Voting**

Shareholders will not be able to attend the meeting in person. Shareholders are strongly encouraged to vote by lodging a directed proxy appointing the Chair as early as possible and in any event prior to the cut-off date for proxy voting as set out in the Notice of Meeting (being 10:30am on 28 September 2020). Instructions for lodging proxies are set out in your personalised proxy form.

**The Independent Expert has determined that the Acquisition is fair and reasonable to the non-associated Shareholders of the Company.**

**The Essential Resolutions are conditional on each other. If any of the Essential Resolutions are not passed by the requisite majority, none of the other Essential Resolutions will be implemented regardless of whether the other Essential Resolutions have passed.**

**This is an important document and requires your immediate attention.**

**You should read it in its entirety before deciding how to vote.**

**All Shareholders should refer to the Independent Expert's Report enclosed with this Notice of Meeting.**

**If you are in any doubt about how to deal with this document, you should contact your broker or financial, taxation or legal adviser immediately.**

## Important Notices

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**Shareholders are urged to read the Notice of Meeting in full before making a decision on if and how to vote on the Resolutions to be considered at the General Meeting.**

### **No investment or financial product advice**

This is an important document which requires your attention. The Notice of Meeting provides Shareholders with information which will assist them in evaluating the Resolutions contained in the Notice of Meeting. Please note that the Notice of Meeting does not take into account your investment objectives, financial situation or particular needs. You should obtain independent financial, investment, legal and taxation advice before deciding whether or not to attend and vote at the General Meeting and on how to vote in respect of the Resolutions. The Company is not licensed to provide financial product advice in relation to Shares or any other financial products.

### **Forward looking statements**

Certain statements in the Notice of Meeting relate to the future or are forward looking statements. Forward looking statements may be identified by words such as 'expects', 'anticipates', 'intends', 'believes', 'seeks', 'estimates', 'will' or words of similar meaning and include, without limitation, forward looking statements regarding the Company's financial position and performance and its business strategy, plans and objectives for future operations. These forward-looking statements are based on the Company's current expectations about future events. Shareholders are cautioned not to place undue reliance on forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the Company as well as matters pertaining to general economic conditions and the state of the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement and such deviations are both normal and to be expected. None of the Company, any of its directors or officers or any person named in the Notice of Meeting or involved in the preparation of the Notice of Meeting 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. The forward-looking statements in the Notice of Meeting reflect views held only as at the date of the Notice of Meeting.

### **ASX lodgement**

The Notice of Meeting (including the Explanatory Statement) has been provided to ASX. ASX takes no responsibility for the contents of the Notice of Meeting.

### **Other sources of information**

In addition to the information set out in the Notice of Meeting (including the Independent Expert's Report), you may wish to review information contained in the following other documents in deciding whether or not to attend and vote at the General Meeting and on how to vote in respect of the Resolutions:

- ASX announcements made by the Company;
- the 2019 Annual Report of the Company which is available on its website: <https://www.rei-group.com.au/annual-reports>;
- information regarding the Company which is available on its website: <https://www.rei-group.com.au/> and <https://realestateinvestar.com.au/>;

A copy of any of the ASX announcements made by the Company and the 2019 Annual Report of the Company may also be obtained by contacting the Company. Note that none of the above documents form part of the Notice of Meeting or any accompanying document.

### **Supplementary information**

The Company may issue a supplementary document to the Notice of Meeting if it becomes aware of any of the following prior to the General Meeting:

- a material statement in the Notice of Meeting is false or misleading;
- a material omission from this Notice of Meeting;
- a significant change affecting a matter in the Notice of Meeting; or
- a significant new matter has arisen, and it would have been required to be included in the Notice of Meeting if known at the date of despatch of the Notice of Meeting to Shareholders.

Depending on the nature and the timing of the changed circumstances and subject to obtaining any relevant approvals, the Company may circulate and publish any supplementary document by posting the supplementary document on the Company's website, making an announcement to ASX or sending a copy of the supplementary document to Shareholders.

### **Date**

This Notice of Meeting is dated 28 August 2020

## Contents

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	<b>Important Notices</b>	
	<b>Contents</b>	<b>1</b>
	<b>Key Dates</b>	<b>2</b>
	<b>Letter from the Chairman</b>	<b>3</b>
<b>1</b>	<b>Notice of General Meeting</b>	<b>7</b>
<b>2</b>	<b>What should you do?</b>	<b>24</b>
<b>3</b>	<b>Explanatory Statement</b>	<b>25</b>
<b>4</b>	<b>Proposed Acquisition of Real Estate CRM</b>	<b>26</b>
<b>5</b>	<b>Reasons to vote on the Essential Resolutions</b>	<b>34</b>
<b>6</b>	<b>Information about Real Estate CRM</b>	<b>38</b>
<b>7</b>	<b>Brief Information about the Company</b>	<b>46</b>
<b>8</b>	<b>Information about the Combined Group</b>	<b>50</b>
<b>9</b>	<b>Risks</b>	<b>60</b>
<b>10</b>	<b>Resolution 1 – Approval to change the nature and scale of activities</b>	<b>66</b>
<b>11</b>	<b>Resolution 2 – Approval of the Consolidation of the Company’s issued capital</b>	<b>68</b>
<b>12</b>	<b>Resolution 3 – Approval of the issue of Consideration Shares to Sellers</b>	<b>71</b>
<b>13</b>	<b>Resolutions 4, 5 and 6 – Approval of the issue of Consideration Shares to Related Party Sellers</b>	<b>73</b>
<b>14</b>	<b>Resolution 7 – Approval of the issue of Shares pursuant to the Capital Raising</b>	<b>77</b>
<b>15</b>	<b>Resolutions 8-11 – Approval of the issue of Shares to Participating Directors – proposed participation in Capital Raising</b>	<b>79</b>
<b>16</b>	<b>Resolution 12 – Election of Director (Mr. Georg Chmiel)</b>	<b>81</b>
<b>17</b>	<b>Resolution 13 – Election of Director (Mr. Scott Wulff)</b>	<b>82</b>
<b>18</b>	<b>Resolutions 14, 15 and 16 – Approval to issue Shares to Directors in lieu of fees</b>	<b>83</b>
<b>19</b>	<b>Resolution 17 – Change of Name</b>	<b>88</b>
<b>20</b>	<b>Resolution 18 – Section 195 Approval</b>	<b>89</b>
<b>21</b>	<b>Additional Information</b>	<b>90</b>
<b>22</b>	<b>Glossary and Interpretation</b>	<b>97</b>
	<b>Schedule 1</b>	
	<b>Details of Sellers and Consideration Shares</b>	<b>103</b>
	<b>Annexure A</b>	
	<b>Independent Expert’s Report</b>	<b>104</b>
	<b>Corporate Directory</b>	<b>105</b>

## Key Dates<sup>1</sup>

Execution of the Implementation Deed	3 March 2020
Real Estate Investar Group Limited lodges the Notice of Meeting with ASX	28 August 2020
Despatch of this Notice of Meeting	31 August 2020
Deadline for lodgment of proxy forms for the General Meeting	10:30am on 28 September 2020
General Meeting Voting Entitlement Time (i.e. time for determining entitlements to vote at the General Meeting)	7:00pm on 28 September 2020
General Meeting	30 September 2020
Company notifies ASIC that Resolution 2 has been passed at the General Meeting (Form 2205) Company notifies ASIC that Resolution 17 has been passed at the General Meeting (Form 205)	30 September 2020
Company notifies ASX that the Essential Resolutions have been passed at the General Meeting	30 September 2020
Lodgment of the Prospectus with ASIC	5 October 2020
Prospectus offer opens	13 October 2020
Presently anticipated date of completion under the Implementation Deed and issue of Consideration Shares	27 October 2020
Issue of Shares under the prospectus for the Capital Raising	27 October 2020
Dispatch of Holding Statements	27 October 2020
Re-compliance with Chapters 1 and 2 of the ASX Listing Rules	29 October 2020
Anticipated date the suspension of trading is lifted, and the Company's Shares commence trading on the ASX	30 October 2020

<sup>1</sup> Dates are indicative only and subject to change. The occurrence of milestones after the General Meeting is conditional on the passing of ALL of the Essential Resolutions at the General Meeting. The detailed Acquisition timetable, including the Consolidation is set out in section 4.14 of the Explanatory Statement.

## Letter from the Chairman

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28 August 2020

Dear Shareholders,

On 3 March 2020, Real Estate Investar Group Limited (**REV** or **Company**) announced that it had entered into a conditional Implementation Deed to acquire 100% of the issued capital of Real Estate CRM Pty Ltd (**Real Estate CRM**) (the **Acquisition**).

Real Estate CRM is an unlisted private company registered in Victoria, Australia. As detailed in the ASX announcement on 3 March 2020, Real Estate CRM entered into binding agreements: (1) to acquire all of the issued capital of Commerce Australia Pty Ltd (trading as 'MyDesktop') (**Commerce Australia**) from Domain Group Holdings (ASX: DGH) (**DHG**); and (2) to acquire all of the issued capital of Vault Group Pty Ltd (**Vault**) from its shareholders.

MyDesktop, is the largest real estate agency sales Customer Relationship Management (**CRM**) software provider in Australian and New Zealand. Vault was established by the original founders of MyDesktop and has created a next generation integrated sales CRM, property management (**PM**) and commercial real estate software system (**VaultRE**).

On 13 March 2020, REV announced that Real Estate CRM had successfully completed the acquisition of both Commerce Australia and Vault.

Information about Real Estate CRM and the underlying acquisitions of MyDesktop and Vault can be found in Section 6 of the Explanatory Statement

If approved, the acquisition of Real Estate CRM will result in a significant change in the nature and scale of REV's activities. On completion of the Acquisition, the primary business activity of the Company will, together with its existing business, involve the provision of real estate agency software to residential real estate agent offices across Australia, New Zealand and the United Kingdom.

In this document, REV and its proposed Subsidiaries (Real Estate CRM, Commerce Australia and Vault) are referred to as the Combined Group (**Combined Group**).

If the Proposed Transaction is approved by Existing Shareholders, the Company will be subsequently renamed PropTech Group Limited (ASX: PTG), proceed to re-comply and recommence trading on ASX, and will complete a proposed capital raising of approximately \$10.6 million (**Capital Raising**).

The Board believes the Acquisition, Capital Raising and relisting on ASX provides the best available option to maximise long term shareholder value. The key reasons include:

- the Acquisition will transform the Company from a small loss-making SaaS business into a profitable, cash flow positive, diversified residential PropTech business with recurring monthly subscription revenues, strong gross margins, low churn, and highly scalable technology;
- the Acquisition provides significant potential for value creation within the Combined Group through the realisation of cost, revenue and product synergies, along with a wide range of PropTech growth prospects, both domestically and internationally; and
- if successful, the Acquisition and Capital Raising will provide increased liquidity and potential upside for all Shareholders.

The Board believes that there are a number of advantages associated with the Proposed Transaction structure, including:

- the Real Estate CRM private capital raising undertaken in March 2020 was well supported by industry experts, Company and Real Estate CRM management, and leading institutional investment manager Perennial Value Management Ltd - who has advised the Company that it intends to follow on and cornerstone the Capital Raising;
- the Capital Raising is expected to be attractively priced compared to other SaaS companies trading on ASX;
- the Combined Group will be able to pursue various growth options;
- there are very few diversified PropTech companies listed on ASX in this fast-growing sector;
- existing Shareholders will have the opportunity to subscribe for additional Shares in the new Combined Group under the Priority Capital Raising; and



- the Independent Experts Report accompanying this Notice of Meeting has concluded that the Acquisition is fair and reasonable to the non-associated Shareholders.

A detailed list of reasons why you may consider voting for or against the Essential Resolutions contained in the Notice of Meeting is contained in Section 5.

Under the ASX Listing Rules, the Company is required to obtain Shareholder approval to complete the Acquisition and associated Capital Raising.

The Company must also re-comply with Chapters 1 and 2 of the ASX Listing Rules. Such compliance will, amongst other things, include the requirement that the Company demonstrate that there is sufficient interest in its continued listing on the ASX. This will be done by preparing and issuing a prospectus in order to increase its spread of shareholders with a marketable parcel of Shares to the number of such shareholders required by the ASX Listing Rules.

This Notice of Meeting contains the Shareholder approvals required to implement the Proposed Transaction. You and other Shareholders will have the opportunity to consider and approve the relevant components of the Proposed Transaction. The Essential Resolutions are the primary business of the Meeting that this Explanatory Memorandum invites you to consider.

### The Proposed Transaction

The principal terms of the Acquisition include:

- **Consolidation** – a 20 for one (1) Consolidation of existing securities currently on issue;
- **Acquisition** – the proposed acquisition of 100% of the issued capital of Real Estate CRM, the consideration for which will be the issue of new Consideration Shares to the holders of Real Estate CRM shares (**Sellers**) by the Company;
- **Change of name** – the change of the Company's name to PropTech Group Limited, with a new ASX code of PTG;
- **Regulatory requirement satisfaction** – the completion of the Acquisition is conditional on, amongst other things, the Company having satisfied the requirements of Chapters 1 and 2 of the ASX Listing Rules so as to enable trading in its Shares to recommence on ASX; and
- **Capital Raising** – the issue of New Shares under a Prospectus for the Capital Raising, including a priority offer to Existing Shareholders, to raise capital of \$10.6 million by way of the issue of 42,400,000 Shares.

In addition, it is proposed that a component of the Accrued Remuneration Entitlements of directors Joe Hanna, Simon Baker and Sam Plowman will be converted into New Shares. The Proposed Transaction is also conditional on the approval of these conversions.

The following table details the proposed capital restructure at the date that trading in the Company's Shares will recommence, including the various issues of equity to be made prior to that date:

	Shares	Options
Current issued capital of the Company	233,205,108	13,700,000
<b>Consolidation – 20 for 1</b>	<b>11,660,255</b>	<b>685,000</b>
<b>Securities issued (post Consolidation basis)</b>		
Acquisition – Issue of Consideration Shares	64,900,048	
Issue of Shares under the Prospectus for the Capital Raising <sup>2</sup>	42,400,000	
Issue of Shares on conversion of the Director Accrued Remuneration Entitlements and the CFO Accrued Remuneration Entitlement	2,344,064	
<b>Projected issued Share capital as at trading recommencing on ASX</b>	<b>121,304,367</b>	<b>685,000</b>

The dilutive impact of the Capital Raising is detailed in Section 4.6.

<sup>2</sup> These numbers are based on an amount of approximately \$10.6 million being raised under the Prospectus for the Capital Raising.

The purpose of this Notice of Meeting is to provide you with information to assist you in assessing the Proposed Transaction. In order to comply with the Corporations Act, the ASX Listing Rules and the Company's constitution, the proposals outlined above require the approval of Existing Shareholders.

These approvals are being sought in accordance with this Notice of Meeting with full details contained in the Explanatory Statement.

If the Proposed Transaction is successfully implemented:

- the Company will own 100% of the share capital of Real Estate CRM;
- the Sellers (being the former Real Estate CRM shareholders) will acquire a minimum of 53.5% of the Company (on issue of the Consideration Shares);
- the name of the Company will change from Real Estate Investar Group Limited to PropTech Group Limited. There will also be a corresponding change to the ASX code from REV to PTG;
- the Company will raise equity capital under the Prospectus for the Capital Raising in the amount of \$10.6 million by issuing 42,400,000 Shares at an issue price of \$0.25 per Share each; and
- Scott Wulff will be appointed as an executive director of the Company.

Upon completion of the Proposed Transaction it is intended that the Company's Shares will be requested on ASX. If Completion of the Acquisition and/or the Capital Raising do not occur, it is possible that the Company's Shares may remain suspended from trading.

### The General Meeting

The General Meeting is scheduled to be held virtually on Wednesday 30 September 2020 commencing at 10.30 am (AEST).

The Notice of Meeting contains the Resolutions required to approve the Proposed Transaction.

Detail of the Acquisition and Capital Raising are provided in the Explanatory Statement which forms part of the Notice of Meeting.

### Independent Expert's Report

In considering the Acquisition, the Directors engaged PKF (**Independent Expert**) to prepare an Independent Expert's Report on the Acquisition. The Independent Expert's Report is included in full in Appendix A of this Notice of Meeting and should be read by Shareholders in its entirety. The Independent Expert has concluded that the Acquisition is **fair and reasonable** to the non-associated Shareholders as a whole.

### Voting instructions

Voting instructions for the General Meeting are contained in the Notice of Meeting and in Section 2. A personalised proxy form is enclosed. Due to the current Covid-19 restrictions and the uncertainty as to the level of restrictions including travel that may be in place at the time of the General Meeting, shareholders are strongly encouraged to vote by proxy. To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

### Questions

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact REV Director, Joe Hanna, at [joe@realestateinvestar.com.au](mailto:joe@realestateinvestar.com.au) or consult your licensed financial adviser, stockbroker or other professional adviser. If you have any questions in regard to your holding in Shares or other Share registry matters, please contact Boardroom on 1300 737 760 (from within Australia) and +61 2 9290 9600 (from outside Australia).

## COVID-19 safety precautions

In light of current laws and recommendations relevant to holding physical public gatherings and social distancing, the Company has put in place arrangements to hold a **Virtual General Meeting**.

In the interest of protecting the health of our shareholders and to comply with government regulations, shareholders will not be able to attend a physical meeting but may [register](#) for access to attend the virtual meeting.

Registration is available now using the following link:

<https://register.gotowebinar.com/register/4748492062374887949>

Once registered each Shareholder will receive an email containing a set of personalised instructions for joining and participating in the meeting. These instructions will include a unique meeting link which can be accessed using a web browser, mobile app, or other internet enabled devices.

Dial in details will also be provided for Shareholder who wish to attend via telephone. (Please note that the online link is the best and preferred method of attendance)

Attendee pre-registration via the webconference facility will remain open until 10:15 am (AEST) on the day of the meeting, final registrations will be conducted by the Company's share registry.

The Chairman and management will provide an update to shareholders at the meeting. Should you have any questions you would like to ask of the Company, please email these to our Company Secretary, Mr Lee Mitchell at [leem@nrlawyers.com.au](mailto:leem@nrlawyers.com.au) at least 48 hours prior to the meeting. There will also be availability to ask questions live on the day of the meeting.

Shareholders are strongly encouraged to vote prior to the meeting by submitting their proxy form in accordance with the voting instructions on the proxy form. A poll will be carried out on the day of the meeting for all resolutions.

Yours faithfully



Simon Baker  
Chairman

# 1 Notice of General Meeting

## Time and place

Notice is hereby given that an extraordinary general meeting (**General Meeting**) of Real Estate Investar Group Limited will be held as follows:

- Venue: Webinar conferencing details provided upon registration at: <https://register.gotowebinar.com/register/4748492062374887949>
- Time: Commencing at 10.30am (AEST) on 30 September 2020.

Shareholders are required to register to obtain access details necessary to attend the for access to attend this meeting via Webinar Conferencing facilities that have been put in place. Please complete registration using this link. Once registered you will receive detailed instructions on how to attend the meeting (including web links and telephone dial in details)

## Business of Meeting

Shareholders are asked to consider and if thought fit, pass the resolutions set out below in relation to the Acquisition of Real Estate CRM and the proposed recapitalisation of the Company.

The Essential Resolutions are conditional on each other. If any of the Essential Resolutions are not passed by the requisite majority, none of the other Essential Resolutions will be implemented regardless of whether the other Essential Resolutions have passed.

This also means that the matters contemplated by an Essential Resolution may complete notwithstanding the fact that a Resolution which is not an Essential Resolution has not been approved.

## Explanatory Statement

The Explanatory Statement which accompanies this Notice of Meeting describes the matters to be considered at the General Meeting.

## Defined terms

Terms used in this Notice of Meeting have the meaning given to them in the Glossary in Section 21 of this Notice of Meeting.

### 1.1 Resolution 1: Approval of the change to nature and scale of activities

Description	<p>The Company entered into an Implementation Deed on 3 March 2020 with Real Estate CRM Pty Ltd (<b>Real Estate CRM</b>) pursuant to which the Company will make offers to each of the Sellers to, and (if approved by Shareholders) acquire 100% of the issued capital of Real Estate CRM in consideration for the issue of new Shares to the Sellers.</p> <p>If successful, the Acquisition will result in a change to the Company's nature and scale of its activities. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature and scale of its activities. ASX has also advised the Company that it will be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3. Please refer to the Explanatory Statement for further details.</p> <p>If Resolution 1 and the other Essential Resolutions are passed, then the Company will be able to proceed with the Proposed Transaction which includes completion of the Share Consolidation, issue of the Consideration Shares to the Sellers and the issue of Shares under the Capital Raising.</p> <p>If Resolution 1 or any of the other Essential Resolutions are not passed, then the Acquisition and Capital Raising will not proceed, the securities of the Company may remain suspended from trading and the Company will be forced to explore new opportunities and/or seek additional funding which may not be possible or, alternatively, may be materially more dilutive to Shareholders than the Proposed Transaction.</p>
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	Please refer to the Explanatory Statement for further details.
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution as an <b>ordinary resolution</b>:</p> <p><i>“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to:</i></p> <ul style="list-style-type: none"> <li><i>• make a significant change in both the nature and the scale of its activities by entering into and performing its obligations under and in connection with the provisions of the Implementation Deed for the acquisition of the entire issued share capital in Real Estate CRM Pty Ltd in consideration for the issue of Consideration Shares to the Sellers;</i></li> <li><i>• issue Shares upon Re-compliance at an issue price of not less than \$0.20 per Share post Consolidation,</i></li> </ul> <p><i>as described in the Explanatory Statement accompanying this Notice of Meeting.”</i></p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this Resolution by:</p> <ul style="list-style-type: none"> <li>• any person who is excluded from casting votes on Resolutions 3 - 6 (inclusive), 8 - 11 (inclusive) and 14 - 16 (inclusive);</li> <li>• any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and</li> <li>• any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote cast in favour if:</p> <ul style="list-style-type: none"> <li>• it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li> <li>• it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or</li> <li>• it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution, and the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li> </ul>

## 1.2 Resolution 2: Approval of the Consolidation of the Company's issued capital

<b>Description</b>	<p>The Company must consolidate its capital in order to satisfy Chapters 1 and 2 of the ASX Listing Rules and as a condition of the Company's securities recommencing trading on the ASX following implementation of the Proposed Transaction.</p> <p>Please refer to the Explanatory Statement for further details.</p>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution as an <b>ordinary resolution</b>:</p> <p><i>“That, subject and conditional upon the passing of all Essential Resolutions, in accordance with section 254H(1) of the Corporations Act and for all other purposes, approval is given for the issued capital of the Company to be consolidated on the basis that:</i></p> <ul style="list-style-type: none"> <li><i>• every twenty (20) Shares be consolidated into one (1) Share;</i></li> <li><i>• every twenty (20) Options be consolidated into one (1) Option; and</i></li> <li><i>• where this Consolidation results in a fraction of a Share or an Option being held, the Directors be authorised to round that fraction up to the nearest whole Share or Option as the case may be,</i></li> </ul>

as described in the Explanatory Statement accompanying this Notice of Meeting.”

### 1.3 Resolution 3: Approval of the issue of Consideration Shares to the Sellers – Unrelated Sellers

<b>Description</b>	<p>The Company entered into an Implementation Deed on 3 March 2020 with Real Estate CRM pursuant to which the Company will make offers to each of the Real Estate CRM Shareholders to acquire (subject to Shareholder approval) 100% of the issued capital of Real Estate CRM in consideration for the issue of the Consideration Shares.</p> <p>Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities (which includes Shares) during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period (<b>Placement Capacity</b>). Approval under ASX Listing Rule 7.1 is being sought for the issue of the Consideration Shares as the number of Consideration Shares proposed to be issued equate to more than the Placement Capacity. Resolution 3 does not deal with the proposed issue of Consideration Shares to the Related Party Sellers. These approvals are sought under Resolutions 4, 5 and 6. Please refer to the Explanatory Statement for details.</p>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution as an <b>ordinary resolution</b>:</p> <p><i>“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval be given for the Company to issue up to 51,471,699 Consideration Shares (on a post-Consolidation basis) to the Sellers under the Prospectus on Completion of the Acquisition”.</i></p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this Resolution by:</p> <ul style="list-style-type: none"> <li>• Real Estate CRM;</li> <li>• the Sellers;</li> <li>• any person who is excluded from casting votes on Resolutions 4-6 (inclusive), 8-11 (inclusive) and 14-16 (inclusive); and</li> <li>• any other person and a person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue except a benefit solely by reason of being a holder of ordinary securities in the Company; and</li> <li>• any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote cast in favour if:</p> <ul style="list-style-type: none"> <li>• it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li> <li>• it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or</li> <li>• it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution, and the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li> </ul>

## 1.4 Resolution 4: Approval of the issue of Consideration Shares to an entity associated with Mr. Simon Baker – Related Party Seller

<b>Description</b>	<p>The Company entered into an Implementation Deed on 3 March 2020 with Real Estate CRM pursuant to which the Company will make offers to each Real Estate CRM shareholder to acquire (subject to Shareholder approval) 100% of the issued capital of Real Estate CRM in consideration for the issue of Consideration Shares. Mr Simon Baker is a Real Estate CRM shareholder.</p> <p>ASX Listing Rule 10.1 prevents a company from acquiring a “substantial asset” from a related party without shareholder approval. Listing Rule 10.11 also prevents a company from issuing securities to a related party without shareholder approval.</p> <p>As Mr. Simon Baker is a related party of the Company, and the shares held by him (indirectly) in Real Estate CRM are a “substantial asset” approval is required under Listing Rule 10.1. Approval is also required under Listing Rule 10.11 for the issue of Consideration Shares for the benefit of Mr Simon Baker.</p> <p>Please refer to the Explanatory Statement for details.</p>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:</p> <p><i>“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rules 10.1, 10.11 and for all other purposes, approval be given for the Company to issue and allot up to 6,000,000 Consideration Shares (on a post-Consolidation basis) under the Prospectus on completion of the Acquisition in consideration for the transfer to the Company of all of the shares in the capital of Real Estate CRM held by HB Super Holdings Pty Ltd, or for the benefit of, Mr. Simon Baker, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting”.</i></p>
<b>Independent Expert’s Report</b>	<p>Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Listing Rule 10.1. The Independent Expert’s Report comments on the fairness and reasonableness of the transaction the subject of Resolution 4 to the non-associated Shareholders in the Company. The Independent Expert has determined the Acquisition, which includes HB Super Holdings Pty Ltd acquiring Consideration Shares, is <b>fair and reasonable</b> to the non-associated Shareholders.</p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this Resolution by:</p> <ul style="list-style-type: none"> <li>• HB Super Holdings Pty Ltd and Mr. Simon Baker;</li> <li>• the Sellers;</li> <li>• any person who is excluded from casting votes on Resolutions 3, 5 - 6 (inclusive), 8 - 11 (inclusive) and 14 - 16 (inclusive)</li> <li>• any person who may obtain a material benefit as a result of the transaction or issue, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and</li> <li>• any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote cast in favour if:</p> <ul style="list-style-type: none"> <li>• it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li> <li>• it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or</li> <li>• it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a</li> </ul>

	person excluded from voting on the resolution, and the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
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## 1.5 Resolution 5: Approval of the issue of Consideration Shares to an entity associated with Mr. Joe Hanna – Related Party Seller

<b>Description</b>	<p>The Company entered into an Implementation Deed on 3 March 2020 with Real Estate CRM pursuant to which the Company will make offers to each Real Estate CRM shareholder to acquire (subject to Shareholder approval) 100% of the issued capital of Real Estate CRM in consideration for the issue of Consideration Shares. Mr Joe Hanna is a Real Estate CRM shareholder.</p> <p>ASX Listing Rule 10.1 prevents a company from acquiring a substantial asset from a related party without shareholder approval. Listing Rule 10.11 also prevents a company from issuing securities to a related party without shareholder approval.</p> <p>As Mr. Joe Hanna is a related party of the Company, and the shares held by him (indirectly) in Real Estate CRM are a “substantial asset”, approval is required under Listing Rule 10.1. Approval is also required under Listing Rule 10.11 for the issue of Consideration Shares for the benefit of Mr Joe Hanna.</p> <p>Please refer to the Explanatory Statement for further details.</p>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution as an <b>ordinary resolution</b>:</p> <p><i>“That, subject to the passing of all Essential Resolutions, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rules 10.1, 10.11 and for all other purposes, approval be given for the Company to issue and allot up to 2,000,000 Consideration Shares (all on a post-Consolidation basis) under the Prospectus on completion of the Acquisition in consideration for the transfer to the Company of all of the shares in the capital of Real Estate CRM held by Atherley Investments Pty Ltd (or for the benefit of Mr. Joe Hanna) pursuant to the Implementation Deed, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting”.</i></p>
<b>Independent Expert’s Report</b>	<p>Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Listing Rule 10.1. The Independent Expert’s Report comments on the fairness and reasonableness of the transaction the subject of Resolution 5 to the non-associated Shareholders in the Company. The Independent Expert has determined the Acquisition, which includes Atherley Investments Pty Ltd acquiring Consideration Shares, is fair and reasonable to the non-associated Shareholders.</p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this Resolution by:</p> <ul style="list-style-type: none"> <li>• Atherley Investments Pty Ltd and Mr. Joe Hanna;</li> <li>• the Sellers;</li> <li>• any person who is excluded from casting votes on Resolutions 3, 4, 6, 8 - 11 (inclusive) and 14 - 16 (inclusive);</li> <li>• any person who may obtain a material benefit as a result of the transaction or issue, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and</li> <li>• any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote cast in favour if:</p> <ul style="list-style-type: none"> <li>• it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li> </ul>



	<ul style="list-style-type: none"> <li>• it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or</li> <li>• it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution, and the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li> </ul>
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## 1.6 Resolution 6: Approval of the issue of Consideration Shares to Mr. Sam Plowman – Related Party Seller

<b>Description</b>	<p>The Company entered into an Implementation Deed on 3 March 2020 with Real Estate CRM pursuant to which the Company will make offers to each Real Estate CRM shareholder to acquire (subject to Shareholder approval) 100% of the issued capital of Real Estate CRM in consideration for the issue of Consideration Shares. Mr Sam Plowman is a Real Estate CRM shareholder.</p> <p>ASX Listing Rule 10.1 prevents a company from acquiring a substantial asset from a related party without shareholder approval. Listing Rule 10.11 also prevents a company from issuing securities to a related party without shareholder approval.</p> <p>As Mr. Sam Plowman is a related party of the Company, and the shares held by him in Real Estate CRM are a “substantial asset” approval is required under Listing Rule 10.1. Approval is also required under Listing Rule 10.11 for the issue of Consideration Shares for the benefit of Mr Sam Plowman.</p> <p>Please refer to the Explanatory Statement for further details.</p>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution as an <b>ordinary resolution</b>:</p> <p><i>“That, subject to the passing of all Essential Resolutions, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rules 10.1, 10.11 and for all other purposes, approval be given for the Company to issue and allot up to 5,444,824 Consideration Shares (all on a post-Consolidation basis) under the Prospectus on completion of the Acquisition in consideration for the transfer to the Company of all of the shares in the capital of Real Estate CRM held by Sam Plowman (or for the benefit of Mr. Sam Plowman) pursuant to the Implementation Deed, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting”.</i></p>
<b>Independent Expert’s Report</b>	<p>Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Listing Rule 10.1. The Independent Expert’s Report comments on the fairness and reasonableness of the transaction the subject of Resolution 6 to the non-associated Shareholders in the Company. The Independent Expert has determined the Acquisition, which includes Mr. Plowman acquiring Consideration Shares, is fair and reasonable to the non-associated Shareholders.</p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this Resolution by:</p> <ul style="list-style-type: none"> <li>• Mr. Sam Plowman;</li> <li>• the Sellers;</li> <li>• any person who is excluded from casting votes on Resolutions 3, 4, 5, 8 - 11 (inclusive) and 14 - 16 (inclusive);</li> </ul>

	<ul style="list-style-type: none"> <li>any person who may obtain a material benefit as a result of the transaction or issue, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and</li> <li>any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote cast in favour if:</p> <ul style="list-style-type: none"> <li>it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li> <li>it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or</li> <li>it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution, and the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li> </ul>
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## 1.7 Resolution 7: Approval of the issue of Shares pursuant to the Capital Raising

<b>Description</b>	<p>The Company must issue a Prospectus in order to satisfy the requirements of Chapters 1 and 2 of the ASX Listing Rules including the shareholder spread and free float requirements of the ASX Listing Rules.</p> <p>Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities (which includes Shares) during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period (<b>Placement Capacity</b>).</p> <p>Approval under ASX Listing Rule 7.1 is being sought to enable the issue of Shares under the Capital Raising (as the Consideration Shares equate to more than the Placement Capacity) and so as not to reduce the Placement Capacity. The Capital Raising is also a condition of the Acquisition.</p> <p>Please refer to the Explanatory Statement for further details.</p>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution as an <b>ordinary resolution</b>:</p> <p><i>"That, subject to the passing of all Essential Resolutions, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 42,400,000 Shares (on a post-Consolidation basis) at an issue price of \$0.25 per Share to raise up to \$10,600,000 under the Capital Raising on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."</i></p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this Resolution by:</p> <ul style="list-style-type: none"> <li>any person who may participate in the proposed issue;</li> <li>any person who is excluded from casting votes on Resolutions 1, 3, 4 - 6 (inclusive), 8 - 11 (inclusive) and 14 - 16 (inclusive);</li> <li>any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and</li> <li>any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote cast in favour if:</p> <ul style="list-style-type: none"> <li>it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li> <li>it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or</li> </ul>

	<ul style="list-style-type: none"> <li>it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution, and the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li> </ul>
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## 1.8 Resolution 8: Approval of the issue of Shares to related party – Simon Baker – proposed participation in the Capital Raising

<b>Description</b>	<p>Simon Baker (or his nominee), seeks to participate in the Capital Raising to a maximum of 800,000 Shares.</p> <p>Approval under ASX Listing Rule 10.11 is being sought as ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues or agrees to issue, equity securities (which includes Shares) to a related party unless an exception under ASX Listing Rule 10.12 applies. Mr Baker is a related party of the Company and no relevant exemption applies in the current circumstances.</p> <p>Please refer to the Explanatory Statement for further details.</p>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution as an <b>ordinary resolution</b>:</p> <p><i>"That, subject to the passing of all Essential Resolutions, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 800,000 Shares (on a post-Consolidation basis) at an issue price of \$0.25 per Share to Simon Baker (or his nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."</i></p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this Resolution by:</p> <ul style="list-style-type: none"> <li>Mr. Simon Baker (and his nominee);</li> <li>any person who is excluded from casting votes on Resolutions 1, 3, 4 - 6 (inclusive), 9 - 11 (inclusive) and 14 - 16 (inclusive);</li> <li>any other person who might obtain a benefit as a result of the issue, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and</li> <li>any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote cast in favour if:</p> <ul style="list-style-type: none"> <li>it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li> <li>it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or</li> <li>it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution, and the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li> </ul>

## 1.9 Resolution 9: Approval of the issue of Shares to related party – Joe Hanna – proposed participation in the Capital Raising

<b>Description</b>	<p>Joe Hanna (or his nominee), seeks to participate in the Capital Raising to a maximum of 200,000 Shares.</p> <p>Approval under ASX Listing Rule 10.11 is being sought given ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues or agrees to issue, equity securities (which includes Shares) to a related party unless an exception under ASX Listing Rule 10.12 applies. Mr Hanna is a related party of the Company and no relevant exemption applies in the current circumstances.</p> <p>Please refer to the Explanatory Statement for further details.</p>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution as an <b>ordinary resolution</b>:</p> <p><i>"That, subject to the passing of all Essential Resolutions, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 200,000 Shares (on a post-Consolidation basis) at an issue price of \$0.25 per Share to Joe Hanna (or his nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."</i></p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this Resolution by:</p> <ul style="list-style-type: none"> <li>• Mr. Joe Hanna and his nominee;</li> <li>• any person who is excluded from casting votes on Resolutions 1, 3, 4 - 8 (inclusive), 10 - 11 (inclusive) and 14 - 16 (inclusive);</li> <li>• any other person who might obtain a benefit as a result of the issue, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and</li> <li>• any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote cast in favour if:</p> <ul style="list-style-type: none"> <li>• it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li> <li>• it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or</li> <li>• it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution, and the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li> </ul>

## 1.10 Resolution 10: Approval of the issue of Shares to related party – Sam Plowman – proposed participation in the Capital Raising

<b>Description</b>	<p>Sam Plowman (or his nominee), seeks to participate in the Capital Raising to a maximum of 200,000 Shares.</p> <p>Approval under ASX Listing Rule 10.11 is being sought given ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues or agrees to issue, equity securities (which includes Shares) to a related party unless an exception under ASX Listing Rule 10.12 applies. Mr Plowman is a related party of the Company and no relevant exemption applies in the current circumstances.</p> <p>Please refer to the Explanatory Statement for further details.</p>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution as an <b>ordinary resolution</b>:</p>

	"That, subject to the passing of all Essential Resolutions, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 200,000 Shares (on a post-Consolidation basis) at an issue price of \$0.25 per Share to Sam Plowman (or his nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this Resolution by:</p> <ul style="list-style-type: none"> <li>• Mr. Sam Plowman and his nominee;</li> <li>• any person who is excluded from casting votes on Resolutions 1, 3, 4 - 9 (inclusive), 11 and 14 - 16 (inclusive);</li> <li>• any other person who might obtain a benefit as a result of the issue, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and</li> <li>• and any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote cast in favour if:</p> <ul style="list-style-type: none"> <li>• it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li> <li>• it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or</li> <li>• it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution, and the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way..</li> </ul>

#### 1.11 Resolution 11: Approval of the issue of Shares to related party – Georg Chmiel – proposed participation in the Capital Raising

<b>Description</b>	<p>Georg Chmiel (or his nominee), seeks to participate in the Capital Raising to a maximum of 300,000 Shares.</p> <p>Approval under ASX Listing Rule 10.11 is being sought given ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues or agrees to issue, equity securities (which includes Shares) to a related party unless an exception under ASX Listing Rule 10.12 applies. No relevant exemption applies in the current circumstances.</p> <p>Please refer to the Explanatory Statement for further details.</p>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution as an <b>ordinary resolution</b>:</p> <p><i>"That, subject to the passing of all Essential Resolutions, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 300,000 Shares (on a post-Consolidation basis) at an issue price of \$0.25 per Share to Georg Chmiel (or his nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."</i></p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this Resolution by:</p> <ul style="list-style-type: none"> <li>• Mr. Georg Chmiel and his nominee;</li> <li>• any person who is excluded from casting votes on Resolutions 1, 3, 4 - 10 (inclusive) and 14 - 16 (inclusive);</li> <li>• any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and</li> <li>• any associates of those persons.</li> </ul>

	<p>However, the Company need not disregard a vote cast in favour if:</p> <ul style="list-style-type: none"> <li>• it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li> <li>• it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or</li> <li>• it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution, and the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way..</li> </ul>
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### 1.12 Resolution 12: Appointment of Mr. Georg Chmiel as a Director

<b>Description</b>	<p>Under the Constitution, the Directors may appoint a person to be a Director. Under the ASX Listing Rules, any Director appointed in this way holds office only until the end of the next following Annual General Meeting and is then eligible for election at that meeting. Mr. Georg Chmiel was appointed as a Director since the last Annual General Meeting and is eligible for election. Biographical details for Mr. Chmiel are set out in the Explanatory Statement.</p>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution as an <b>ordinary resolution</b>:</p> <p><i>"That, Mr. Georg Chmiel, a Director appointed to the Board since the last Annual General Meeting, and being eligible for election, is elected as a Director of the Company."</i></p>

### 1.13 Resolution 13: Appointment of Mr. Scott Wulff as a Director

<b>Description</b>	<p>As described in Sections 17 and 21, Vault Group has the right to appoint one Director to the Company's Board on and from Completion under the terms of the Implementation Deed. Vault Group has nominated Scott Wulff to be elected or appointed to the Board.</p> <p>Resolution 13 seeks approval from Shareholders for the election of Scott Wulff on and from Completion of the Acquisition.</p> <p>Biographical details for Mr. Wulff are set out in the Explanatory Statement.</p>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution as an <b>ordinary resolution</b>:</p> <p><i>"That, subject to the passing of all other Essential Resolutions, Scott Wulff is elected as a Director with effect from Completion."</i></p>

### 1.14 Resolution 14: Issue of Shares to Director in partial satisfaction of Accrued Remuneration Entitlements – Mr. Simon Baker

<b>Description</b>	<p>It is proposed that the Company issue Shares to Mr Simon Baker in satisfaction of certain accrued remuneration entitlements. Mr Simon Baker is a related party of the Company.</p> <p>ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues or agrees to issue, equity securities to a related party unless an exception under ASX Listing Rule 10.12 applies. No exception applies in the current circumstances.</p> <p>Please refer to the Explanatory Statement for further details.</p>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution as an <b>ordinary resolution</b>:</p>

	<i>"That, subject to the passing of all Essential Resolutions, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 494,318 Shares, to Mr. Simon Baker in partial satisfaction of Accrued Remuneration Entitlements (as described in the Explanatory Statement)."</i>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this Resolution by:</p> <ul style="list-style-type: none"> <li>• Mr. Simon Baker;</li> <li>• any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed;</li> <li>• a member of the Key Management Personnel or their closely related parties or a closely related party of such a member in contravention of Section 250BD of the Corporations Act; and</li> <li>• any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote cast in favour if:</p> <ul style="list-style-type: none"> <li>• it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li> <li>• it is cast by the person chairing the meeting as proxy (expressly or by default) without being directed how to vote on the resolution and which expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of the KMP; or</li> <li>• it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution, and the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li> </ul>

### 1.15 Resolution 15: Issue of Shares to Director in partial satisfaction of Accrued Remuneration Entitlements – Mr. Joe Hanna

<b>Description</b>	<p>It is proposed that the Company issue Shares to Mr Joe Hanna in satisfaction of certain accrued remuneration entitlements. Mr Joe Hanna is a related party of the Company.</p> <p>ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues or agrees to issue, equity securities to a related party unless an exception under ASX Listing Rule 10.12 applies.</p> <p>Please refer to the Explanatory Statement for further details.</p>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution as an <b>ordinary resolution</b>:</p> <p><i>"That, subject to the passing of all Essential Resolutions, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 1,207,623 Shares, to Mr. Joe Hanna in partial satisfaction of Accrued Remuneration Entitlements (as described in the Explanatory Statement)."</i></p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this Resolution by:</p> <ul style="list-style-type: none"> <li>• Mr. Joe Hanna;</li> <li>• any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed;</li> <li>• a member of the Key Management Personnel or their closely related parties or a closely related party of such a member in contravention of Section 250BD of the Corporations Act; and</li> </ul>

	<ul style="list-style-type: none"> <li>any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote cast in favour if:</p> <ul style="list-style-type: none"> <li>it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li> <li>it is cast by the person chairing the meeting as proxy (expressly or by default) without being directed how to vote on the resolution and which expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of the KMP; or</li> <li>it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution, and the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way..</li> </ul>
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### 1.16 Resolution 16: Issue of Shares to Director in partial satisfaction of Accrued Remuneration Entitlements – Mr. Sam Plowman

<b>Description</b>	<p>It is proposed that the Company issue Shares to Mr Sam Plowman in satisfaction of certain accrued remuneration entitlements. Mr Sam Plowman is a related party of the Company.</p> <p>ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues or agrees to issue, equity securities to a related party unless an exception under ASX Listing Rule 10.12 applies.</p> <p>Please refer to the Explanatory Statement for further details.</p>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution as an <b>ordinary resolution</b>:</p> <p><i>“That, subject to the passing of all Essential Resolutions, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 194,301 Shares, to Mr. Sam Plowman in partial satisfaction of Accrued Remuneration Entitlements (as described in the Explanatory Statement).”</i></p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this Resolution by:</p> <ul style="list-style-type: none"> <li>Mr. Sam Plowman;</li> <li>any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed;</li> <li>a member of the Key Management Personnel or their closely related parties or a closely related party of such a member in contravention of Section 250BD of the Corporations Act; and</li> <li>any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote cast in favour if:</p> <ul style="list-style-type: none"> <li>it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li> <li>it is cast by the person chairing the meeting as proxy (expressly or by default) without being directed how to vote on the resolution and which expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of the KMP; or</li> <li>it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution, and the holder votes on</li> </ul>



	this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
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### 1.17 Resolution 17: Approval of change of Company Name

<b>Description</b>	The Company proposes to change the name to better reflect the proposed future activities of the Company, subject to the Acquisition proceeding. Please refer to the Explanatory Statement for further details.
<b>Resolution (Special)</b>	To consider and, if thought fit, pass, with or without amendment, the following resolution as a <b>special resolution</b> : <i>"That, subject to the passing of all Essential Resolutions, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed from "Real Estate Investar Group Limited" to "PropTech Group Limited" that change to take effect upon alteration of the details of the Company's registration by the Australian Securities and Investments Commission.</i>

### 1.18 Resolution 18: Section 195 Approval

<b>Description</b>	Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.  A majority of the Directors may have a material personal interest in the outcome of the Essential Resolutions. In the absence of this Resolution 18, the Directors may not be able to form a quorum at Directors' meetings necessary to carry out the terms of the Essential Resolutions.  The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve.  Please refer to the Explanatory Statement for further details.
<b>Resolution (Ordinary)</b>	To consider and, if thought fit, pass, with or without amendment, the following resolution as an <b>ordinary resolution</b> : <i>"That, for the purposes of section 195(4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the Directors to complete the transactions as contemplated in this Notice."</i>

By order of the board of Real Estate Investar Group Limited.



Lee Mitchell

Company Secretary

Dated 28 August 2020

## IMPORTANT INFORMATION REGARDING PROXIES AND VOTING

### Voting in person

In the interests of public health and safety of our Shareholders, and due to the uncertainty of travel restrictions, the Company is not able to allow Shareholders to physically attend the Shareholder Meeting.

Please refer to the front page of this Notice of Meeting for further information on how Shareholders can participate.

### How to vote

To facilitate voting by Shareholders at the AGM, the Chairman will call a poll on each of the resolutions at the Meeting (as set out below). Shareholders may vote on the poll by appointing a proxy in accordance with the requirements of this Notice. The Company encourages all Shareholders to direct their proxy votes on each of the resolutions. Please see the information below for more detail.

Arrangements will also be made for you to attend and vote at the Meeting, by:

- attending the Meeting via Webinar Conferencing facilities that have been put in place. To register for virtual attendance at this meeting, please visit our [website: https://register.gotowebinar.com/register/4748492062374887949](https://register.gotowebinar.com/register/4748492062374887949);
- appointing a proxy to attend on your behalf;
- appointing an attorney to vote on your behalf; or
- in the case of a corporation which is a Shareholder, by appointing an authorised corporate representative to attend on its behalf.

### Voting entitlement

Only Shareholders, registered at 7.00pm (Sydney time) on Monday 28 September 2020 are entitled to vote at the Meeting.

### Voting in person

The Resolutions will be voted on by Shareholders at a meeting to be held virtually on 30 September 2020, commencing at 10.30am.

### Voting by attorney

A shareholder entitled to attend and vote at the Meeting may appoint an attorney to vote at the Meeting. An original or certified copy of the power of attorney must be received at an address given above at least 48 hours before the commencement of the Meeting.

### Voting by corporate representative

To vote at the Meeting (other than by proxy or by attorney), a corporation that is a Shareholder, or has been appointed as a proxy by a shareholder, must appoint a person (either by name or position and whether a Shareholder or not) to act as its representative. The appointment must comply with section 250D of the Corporations Act. Evidence of the appointment must be received by the Company together with any authority under which it is signed. A pro forma 'Certificate of Appointment of Corporate Representative' may be obtained from the Company's Share Registry

### Proxies

A shareholder entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies, who need not be shareholders of the Company.

Each proxy should be appointed to represent a specified percentage or specified number of the shareholder's voting rights. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half the votes. Fractions of votes will be disregarded.

If you sign and return a proxy form and do not nominate a person to act as your proxy, the Chairman will be appointed as your proxy by default.

#### **How the Chairman will vote undirected proxies**

The Chairman intends to vote any available undirected proxy in favour of the Resolutions Resolution. Notwithstanding the voting restrictions set out in the table above, a KMP may cast a proxy where the proxy specified in writing how the KMP is to vote (except proxies cast on behalf of another KMP). The Chairman is permitted to vote undirected proxies where the shareholder expressly authorises the Chairman to exercise the proxy.

You should note that if you appoint the Chairman as your proxy, or the Chairman is appointed as your proxy by default, and the proxy form does not specify whether to vote 'For', 'Against' or 'Abstain', this will be taken as a direction to the Chairman to vote in accordance with his stated voting intention, which is to vote in favour of the Resolutions Resolution. Shareholders always have the ability to appoint the Chairman as their proxy and direct him to cast the votes contrary to the Chairman's stated voting intention or to abstain from voting on a resolution.

If you appoint the Chairman as your proxy but do not wish him to vote in favour of the Resolutions Resolution, it is important for you to complete the voting directions in respect of that resolution on the proxy form.

#### **A proxy appointment form is enclosed with this Notice of Meeting.**

For the appointment of a proxy to be valid, the following documents must be received either at the Company's registered officer or at the Company's share registry, Boardroom Pty Ltd, at least 48 hours prior to the Meeting or any adjournment of the Meeting:

- the proxy appointment form; and
- if the proxy appointment form is signed by the appointor's attorney, the authority under which the appointment was signed or a certified copy of the authority.

The documents must be received by the Company at any of the addresses specified below by no later than 10.30am (AEST) on 28 September 2020. Proxy forms received after that time will not be valid for the scheduled Meeting.

- by post at:  
Share Registry – Boardroom Pty Limited  
GPO Box 3993  
Sydney, NSW 2001  
Australia
- by facsimile: +61 2 9290 9655; or
- by voting on-line at:  
<https://www.votingonline.com.au/revegm2020>

Further directions for the proper completion of proxy forms are printed on the proxy form.

## **Voting Procedure**

In general, each shareholder present in person or by proxy, attorney or corporate representative has one vote on a show of hands and one vote for each fully paid share held on a poll (subject to any voting exclusion referred to earlier).

Voting at the Meeting will occur by poll.

## **Jointly held shares**

If the REV Shares are jointly held, only one of the shareholders can vote. If more than one joint shareholder votes, only the vote of the shareholder whose name appears first on the register of shareholders will be counted.

## **How to join the meeting**

The Company advises that due to the Government's recent restrictions with respect to indoor gatherings (in response to the COVID-19 pandemic), the Company has determined that it would be prudent for the Meeting to be held virtually only.

The Meeting will be held virtually via a live gotowebinar video / teleconference, with strictly no Shareholders in physical attendance. Access to the Virtual Meeting required registration (see below).

The Board encourages Shareholders to monitor the ASX and the Company's website for any updates in relation to the Meeting that may need to be provided. In the meantime, the Board encourages Shareholders to submit their proxies as early as possible, even if they intend to attend the Virtual Meeting, as the situation may change (e.g. there may be restrictions on how the meeting itself may be held or conducted).

## **Step 1: Registration**

Shareholders are required to register for personalised access to attend the Virtual Meeting by completing the following [online registration form](#). Registration is open now and will remain open until 10:15am on the day of the meeting.

## **Step 2: Confirmation and Access Codes**

Upon completion of the registration you will receive a confirmation email containing a unique set of instructions and links for joining the Virtual Meeting at the specified time and date. This link should not be shared with others; it is unique to you. You'll also receive a calendar invite and reminder emails.

## **Step 3: Joining the Meeting**

Simply click the link using any device connected to the internet to join the Meeting at the specified time and date. Audio dial in telephone options are available and these will be outlined in the email including access codes.

Once joined, you'll be required to register with Boardroom and will have the ability to vote via polls and type questions for the Company to answer during the Meeting.

## 2 What should you do?

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If you are entitled to vote at the General Meeting, you may vote by attending the General Meeting in person or by attorney, proxy or, in the case of corporate shareholders, corporate representative.

### **Step 1: Carefully read the Explanatory Statement in full and seek advice if you have any questions**

You should carefully read this Explanatory Statement in its entirety to assist you in making an informed decision on how to vote on the Resolutions.

This Explanatory Statement contains important information, including:

- the reasons why you may choose to vote for or against the various Essential Resolutions;
- information about REV, Real Estate CRM and the Combined Group; and
- the Independent Expert's Report.

If you have further questions, you can call Director, Joe Hanna on 0417 334 001.

If you are in any doubt as to what you should do, you should seek advice from independent and appropriately qualified financial, legal and taxation advisers before making any decision regarding the Resolutions.

### **Step 2: Vote on the Resolutions**

#### **(a) Your vote is important**

If you are registered as a Shareholder at 10:30am on the Record Date, you will be entitled to vote on the Resolutions.

#### **(b) Notice of Meeting**

The Resolutions will be voted on by Shareholders at a meeting to be held virtually on 30 September 2020, commencing at 10.30am.

The Notice of Meeting accompanies this Explanatory Statement.

#### **(c) Procedure**

You may vote on the Resolutions:

in person, by attending the Meeting via the Webinar Conferencing facilities that have been put in place;

by proxy, by completing, signing and lodging the original Proxy Form in accordance with the instructions set out on the form. You should arrange to have your proxy or proxies attend via the Webinar Conferencing facilities if you are appointing a person other than the Chairman of the Meeting as your proxy;

- by attorney, by appointing an attorney to attend and vote at the Meeting on your behalf and providing a duly executed power of attorney to the registered office of the Company by 10.30am on 28 September 2020; or
- by corporate representative, in the case of a corporation which is a Shareholder, by appointing a corporate representative to attend and vote at the Meeting on your behalf and providing a duly executed certificate of appointment (in accordance with sections 250D and 253B of the Corporations Act) prior to the Meeting.

Further, information on how to vote using each of these methods is contained in the Notice of Meeting.

**The Acquisition will not proceed unless ALL the Essential Resolutions are approved by Shareholders.**

#### **(d) Voting entitlement**

Each Shareholder who is registered on the Register at 7:00pm on the Record Date is entitled to attend and vote at the Meeting, in person, by proxy, by attorney or, in the case of a corporation which is a Shareholder, by its representative appointed in accordance with the Corporations Act.

Information on entitlements to vote, including if you are a joint holder of REV Shares, is contained in the Notice of Meeting.

### 3 Explanatory Statement

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The Explanatory Statement forms part of the Notice of Meeting of Real Estate Investar Group Limited (**Company**) to be held by virtual technology commencing at 10.30am (AEST) on 30 September 2020.

The Explanatory Statement is to be read in conjunction with the Notice of Meeting.

The purpose of the Explanatory Statement is to provide information which the Directors believe is material to Shareholders in deciding whether or not to pass the Resolutions to be put forward in the General Meeting.

The Resolutions are resolutions relating to a proposal to recapitalise the Company and acquire new operating businesses which, in summary, comprise:

1. A resolution for the consolidation of the Shares and other securities on issue. If passed this resolution will consolidate Shares and any other securities on the basis of a ratio of 20 to one (1);
2. A resolution to approve a change in nature and scale of activities of the Company for the purposes of Chapter 11 of the ASX Listing Rules;
3. A resolution to approve the issue of Consideration Shares in connection with the Acquisition for the purposes of ASX Listing Rule 7.1;
4. Resolutions to approve the issue of Consideration Shares to related parties in connection with the Acquisition for the purposes of Chapter 10 of the ASX Listing Rules;
5. A resolution to approve the issue of securities under the Capital Raising for the purposes of ASX Listing Rule 7.1;
6. Resolutions to approve the participation of the Directors in the Capital Raising for the purposes of Chapter 10 of the ASX Listing Rules;
7. Resolutions to approve the issue of Shares to certain Directors of the Company in connection with the proposed conversion of accrued remuneration and Directors' fees to equity; and
8. A Resolution to change the name of the Company to PropTech Group Limited.

#### **Inter-conditionality of Essential Resolutions**

All Resolutions other than Resolutions 12 are conditional on all of the other Resolutions. If any of the Resolutions (other than Resolution 12) are not passed, then all of those Resolutions will be taken to have been rejected by Shareholders.

For the avoidance of doubt, Resolutions 1 to 11 (inclusive) and 13 to 18 (inclusive) are referred to as "**Essential Resolutions**".

**The Acquisition requires Shareholder approval under the ASX Listing Rules and therefore may not proceed if that approval is not forthcoming. Should any of the Essential Resolutions not be approved by the requisite majority, the Company will not proceed with the Acquisition and the Capital Raising. The Company is required to re-comply with ASX's requirements for admission and quotation and therefore, the Acquisition may not proceed if those requirements are not met. The ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote the Company's Shares and therefore, the Proposed Transaction may not proceed if the ASX exercises that discretion. Investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities.**

**The ASX and its officers take no responsibility for the contents of this Notice.**

#### **Read the Notice of Meeting and this Explanatory Statement**

The Directors recommend Shareholders read the Notice of Meeting and this Explanatory Statement in full before making any decisions relating to the Resolutions contained in the Notice of Meeting. A Directors recommendation statement is contained in Section 21.6 of the Explanatory Statement.

#### **Defined terms**

Terms used in this Explanatory Statement have the meaning given to them in the Glossary in Section 21 of this Notice of Meeting in which this Explanatory Statement is contained.

## 4 Proposed Acquisition of Real Estate CRM

### 4.1 History

Real Estate Investar Group Limited (**REV** or the **Company**) is an Australian public company which has been listed on ASX since December 2015 (ASX:REV).

The Company currently owns and operates a leading PropTech business that provides integrated online tools for Australian and New Zealand residential property investors. These tools consist of a software as a service (**SaaS**) product for investors which enables them to search, analyse, track and manage residential property investment opportunities. The SaaS product also helps connect potential property investors with real estate sales agents during the property acquisition phase and subsequently with real estate managers once properties are acquired.

The current organisational structure of the Company consists of a core management team primarily based in Melbourne and an operational team located on the Gold Coast. The team can be easily scaled such that there is little impediment to expanding and increasing the service offering to meet commercial opportunities, including by implementing the Proposed Transaction.

Over the last 18 months, the Company's Board has focussed on a number of key initiatives in an effort to improve the overall performance of the business, with a focus on the core SaaS platform and revenue growth. These efforts assisted the Company to be operationally cash flow positive in 1H FY20. In addition, the Company has restructured its cost base resulting in approximately \$2.0 million in annualised savings since 30 June 2018. In FY19, the company reduced expenses by 52 percent and achieved a 76 percent reduction in its previous EBITDA losses.

The Board conducted a strategic review during CY19 and as a result, the Company closed its property transaction business and re-focussed on the existing SaaS business unit. As a result, in 2H FY19 the number of paid subscribers to the Company's SaaS products grew for the first time in three years.

However, these initiatives alone have not, in the opinion of the Directors, been sufficient to produce an acceptable level of revenue and profitability for a company listed on ASX. While the Directors believe that it is possible to further grow the business organically, it is also the case that achieving the desired growth will require significant time and investment.

Accordingly, the Company has previously announced that it was proactively looking for opportunities to leverage its existing assets, including its database of property investors, via investments in Australian and NZ PropTech companies and/or other new growth opportunities with the objective of enhancing shareholder value. This led to an extensive search through which numerous potential opportunities were identified and extensively analysed. For a variety of reasons, the Company chose not to proceed with any of the opportunities previously reviewed.

The Proposed Transaction represents a significant opportunity for the Company to build and expand on its existing SaaS business by combining with two established real estate software platforms in order to build a market-leading and profitable domestic PropTech business and thereby increase Shareholder value.

### 4.2 Background to the Proposed Transaction

On 3 March 2020, the Company announced that it had entered into an Implementation Deed with Real Estate CRM pursuant to which the Company will make offers to acquire all of the issued shares in Real Estate CRM from its shareholders in consideration for the issue of the Consideration Shares by the Company (the subject of Resolutions 3-6 inclusive) (**Acquisition**).

A summary of the Implementation Deed is set out in Section 21.8 below.

Real Estate CRM is a proprietary company which was incorporated in Victoria on 13 February 2020. It was established as a special purpose entity to effect the acquisition of two real estate CRM platforms, namely:

- 1) the 'MyDesktop' business as part of the acquisition of all the issued share capital of Commerce Australia from ASX-listed company Domain Group Holdings Limited; and
- 2) the 'VaultRE' business as part of the acquisition of all the issued share capital of Vault.

On 13 March 2020, Real Estate CRM completed both the Vault Acquisition and the MyDesktop Acquisition.

Further details about Real Estate CRM are set out in Section 6 below.

The Proposed Transaction involves a number of elements which are inter-conditional. A detailed summary is Section 21.8 below of this Explanatory Statement however the key elements are (each are subject to Shareholder approval):

- change the Company's nature and scale of activities into a diversified PropTech business with a focus on CRM platforms and adjacent software utilised by the real estate sector (Resolution 1);
- consolidate the issued capital of the Company on the basis that every 20 Shares and 20 Options on issue are consolidated into 1 Share and 1 Option respectively (Resolution 2);
- acquire, through Real Estate CRM, two complementary businesses, MyDesktop and Vault, and issue, on a post-Consolidation basis, 64,900,048 Consideration Shares to the Sellers (including to the Related Party Sellers, being Directors Simon Baker, Joe Hanna and Sam Plowman and/or their associates) in consideration for the acquisition by the Company of 100% of the issued capital in Real Estate CRM (Resolutions 3-6 inclusive);
- raise new capital by way of the Capital Raising, including a priority offer to Existing Shareholders (Resolution 7). The Capital Raising will be an offer of 42,400,000 Shares (on a post-Consolidation basis) in the Company at an offer price of \$0.25 per New Share to raise approximately \$10.6 million before costs. Details of the Capital Raising are provided in **section 4.5** below and in Section 11 of this Explanatory Statement; and
- Change the name of the Company to PropTech Group Limited (Resolution 17).

The Company also proposes to issue shares to Directors Simon Baker, Joe Hanna and Sam Plowman and to the CFO Michael Fiorenza in satisfaction of a portion of their historic unpaid Accrued Remuneration Entitlements. Details of these entitlements and the details of the proposed issue of Shares are as detailed in Section 17.

### 4.3 Valuation rationale

The Acquisition has been structured in an effort to equitably divide the post-Acquisition equity among the shareholders of the Company, investors in Real Estate CRM and the former shareholders of Vault Group.

The New Shares to be issued to the Sellers (being the former shareholders of Vault Group and the equity investors in Real Estate CRM) are based on agreed valuations for each shareholder group as follows:

- (a) The Company is valued at an amount of \$3.5 million based on arm's length negotiation between the two parties taking into consideration issues such as the Company's ASX-listed status, trading history, market capitalisation, value of assets and synergies;
- (b) The Vault Acquisition values Vault at \$10.0 million as a result of arm's length negotiations between the independent Directors of the Company and Vault Group management, taking into account matters such as the investment in the next generation platform, feature comparison against industry incumbents, strategic and growth opportunities, and the prices at which Vault had recently raised fresh equity capital from external investors;
- (c) Commerce Australia was effectively valued on a "net" basis at \$5.0 million being the up-front consideration payable to DHG for the purchase of Commerce Australia under the MyDesktop Acquisition (the total potential purchase price is \$14.0 million Deferred Consideration of \$9.0 million payable to DHG, which is recognised as a contingent liability; and
- (d) Real Estate CRM is valued (immediately prior to the acquisition of Vault and Commerce Australia) at approximately \$6.2 million (represented by the \$6.25 million in cash provided by the investors in Real Estate CRM less costs).

The Acquisition therefore values the combined equity base (prior to the Capital Raising) at approximately \$19.7 million consisting of:

- (a) an equity valuation of Real Estate CRM of \$16.2 million comprising:
  - A. a combined enterprise valuation of Commerce Australia and Vault of \$24.0 million (being \$14.0 million for Commerce Australia and \$10.0 million for Vault);



LESS

- B. \$9.0 million of Deferred Consideration payable, and contingently payable, to DHG for the MyDesktop Acquisition, which is recognised as a contingent liability of Real Estate CRM;

PLUS

- C. the amount of cash retained in Real Estate CRM on completion of the Commerce Australia Transaction, which was approximately \$1.2 million;

PLUS

- (b) a valuation of the Company at \$3.5 million based on arm's length negotiation as detailed above before taking into account the effect of the conversion to equity of a component of the Accrued Remuneration Entitlements (which will be dilutive only to Existing Shareholders).

The merger valuation (prior to the Capital Raising) was premised on the core principle that the terms of the Acquisition, conducted through Real Estate CRM, must be no less favourable to Existing Shareholders than a scenario where the Company acquired Commerce Australia and Vault directly, without Real Estate CRM as an intermediary.

The Implementation Deed values each of Real Estate CRM, Commerce Australia and Vault 'at cost' (as detailed above) with no valuation uplift for either the former Vault shareholders or the Real Estate CRM investors at the expense of Existing Shareholders.

On completion of the Acquisition, but prior to the Capital Raising, Existing Shareholders will hold 17.7% of the issued capital of the Company, with Real Estate CRM shareholders holding 82.3% of the shares on issue.

#### 4.4 Change in nature and scale of activities

As stated above, the Company and Real Estate CRM have entered into the Implementation Deed, pursuant to which the Company will, subject to Shareholders' approval of the Essential Resolutions and the terms of the Implementation Deed, including satisfaction or waiver of the conditions precedent summarised in section 21.8, make offers to the Sellers to acquire 100% of the issued share capital of Real Estate CRM.

Refer to section 10 for information on the application of Listing Rule 11.1 to the Acquisition.

#### 4.5 Proposed Capital Raising

In order to fund the Deferred Consideration payable to DHG for the Commerce Australia Transaction, and provide capital for growth, working capital requirements, relisting transaction costs and to otherwise meet the conditions for the Re-compliance, the Company will need to undertake a capital raising (the **Capital Raising**).

ASX imposes a 20% minimum free float requirement on new listings (and for those entities that must re-comply with Chapters 1 and 2 of the Listing Rules) under Condition 7 of Listing Rule 1.1.

For the purposes of the Listing Rules, 'free float' is the percentage of the entity's main class of securities that are not restricted securities or subject to voluntary escrow and are held by shareholders who are not:

- a related party of the Company;
- an associate of a related party of the Company; or
- a person whose relationship to the Company, or a related party, or its associate, of the Company, is such that in ASX's opinion, they should be treated as an affiliate of the Company.

As such, the Company intends to undertake a capital raise pursuant to a Prospectus that complies with the requirements of section 710 of the Corporations Act. The Capital Raising will be undertaken by way of an offer to institutional, sophisticated and retail investors.

As part of the Capital Raising, it is intended that a priority offer (but not an entitlement offer) will be made to Existing Shareholders to allow them to participate in the Capital Raising (**Priority Capital Raising**). It is intended that the Priority Capital Raising will be at least 10% of the Capital Raising.

It is expected that the Capital Raising will be conducted at a price which will be determined at a future date by the Company, in consultation with the Lead Manager, taking into account prevailing

market conditions but, at the present time it is anticipated that the Company will issue at least 43,413,081 New Shares (on a post-Consolidation basis) at an offer price of \$0.25 per New Share to raise at least \$10.6 million.

All New Shares issued under the Capital Raising, will rank equally with existing Shares on issue.

The offer size and structure of the Capital Raising may be subject to change at the discretion of the Board. Further, the Board and the Lead Manager will determine to whom the Capital Raising Shares will be issued.

The Company has mandated Ord Minnett Limited as Lead Manager and Taylor Collison Limited as Co-Manager to assist with the Capital Raising.

If the Essential Resolutions are passed, New Shares under the Capital Raising will be issued only after the Consolidation has been affected and the Acquisition has been completed.

Further information on the Capital Raising is provided in section 14 of this Notice. While the Company will provide additional information in respect of the Capital Raising in the Prospectus to be issued by the Company, for the purposes of Guidance Note 12, the Company provides the following information in respect of the Capital Raising:

Item	Disclosure
Nature of issue	The Company is continuing to finalise the details of the of the Capital Raising. In line with the information provided in section 4.5 of this Notice, the Capital Raising will be undertaken via a Prospectus that is compliant with section 710 of the Corporations Act.  The New Shares issued under the Capital Raising will be offered to institutional, sophisticated and retail investors. It is intended that a Priority Capital Raising will be made to Existing Shareholders to allow them to participate in the Capital Raising.
Minimum Subscription	\$10.6 million
Underwriting	As at the date of this Notice, the proposed Capital Raising is not underwritten.
Amount to be raised	It is expected that the Capital Raising will raise at least \$10.6 million (before costs), subject to the determination of the final issue price.
Use of funds	The Capital Raising will be conducted to fund the Deferred Consideration payable to DHG for the Commerce Australia Transaction, capital for growth, working capital requirements, and relisting transaction costs and to meet the conditions for the Re-compliance. Further details are set out in Section 8.12.

#### 4.6 Dilutive impact of the Acquisition and the Capital Raising

The dilutive effect of the Proposed Transaction on the capital structure of the Company on a post Capital Raising and post Consolidation basis can be summarised as follows:

Holder <sup>3</sup>	Number of Existing Shares (post Consolidation) as at the date of this Notice	%	Following completion of the Proposed Transaction	%
<b>Existing Shareholders</b>	<b>11,660,255</b>	<b>100.00%</b>	<b>14,004,319 <sup>4</sup></b>	<b>11.55%</b>
Simon Baker	3,924,417	33.66%	4,418,735	3.64%
Joe Hanna	1,322,798	11.34%	2,530,420	2.09%
All other Existing Shareholders	5,373,918	46.09%	7,055,164	5.82%

<sup>3</sup> Includes entities owned or controlled

<sup>4</sup> Director debt conversion (Resolutions 14,15 &16) is applied prior to the Acquisition

<b>RECRM Shareholders</b>			<b>64,900,048</b>	<b>53.50%</b>
Simon Baker	-	-	6,000,000	4.95%
Propplat Pty Ltd	-	-	5,741,932	4.73%
Adam Campbell	-	-	4,866,088	4.01%
Sam Plowman	-	-	5,444,224	4.49%
Scott Wulff	-	-	5,157,856	4.25%
Lawson Macnee Pty Ltd	-	-	4,999,928	4.12%
Real Estate Institute of Western Australia	-	-	4,999,928	4.12%
David James	-	-	4,866,088	4.01%
Matthew Healy	-	-	4,559,508	3.76%
All other Sellers	-	-	18,264,496	15.06%
<b>Capital Raise Investors</b>	-	-	<b>42,400,000</b>	<b>34.95%</b>
<b>Total</b>	<b>11,660,255</b>	<b>100.00%</b>	<b>121,304,367</b>	<b>100.00%</b>

If the Proposed Transaction is approved and is completed, unpaid Accrued Remuneration Entitlements totaling \$853,662 will be partially repaid through the issue of Shares to the extent of \$446,496. This will be applied with effect prior to completion of the Proposed Transaction and therefore has a dilutive impact to the Existing Shareholders with regard to the \$3.5m valuation ascribed to their collective shareholdings in the Company prior to the issue of Shares in satisfaction of a portion of the Accrued Remuneration Entitlements.

More information about the Accrued Remuneration Entitlements and Resolutions 14, 15 and 16 are outlined in Section 18

#### 4.7 Key Terms of the Implementation Deed

In accordance with the Implementation Deed, the Company will make offers to acquire 100% of the issued share capital of Real Estate CRM from its current shareholders.

The key terms of the Implementation Deed are summarised in section 21.8 below.

#### 4.8 Rationale for Acquisition

The Company's existing business model targets retail investors, who are either active, or seeking to become active, residential real estate investors in Australia and New Zealand to become subscribers to the Company's services. Subscribers sign up and pay a monthly fee to access the Company's integrated SaaS platform enabling them to search, analyse, track and manage investment properties based on their chosen investment strategy.

The total addressable market of this sector is limited to the number of potential residential investors in Australia and New Zealand and the number of associated annual transactions.

The current legislation in Australia and New Zealand ensures that licensed real estate agents are at the centre of almost all property transactions (buying, selling, leasing, renting), however real estate agents and agencies themselves are not paying users of the Company's existing SaaS platform.

To become a leading PropTech company which optimises and streamlines property transactions, the Directors consider that it is crucial for the Company to offer other services that are directly used by real estate agents.

The Proposed Transaction is expected to:

- immediately expand the Company's existing recurring monthly SaaS revenues and capabilities as a result of acquiring the MyDesktop and VaultRE CRM platforms. This includes over 3,100 real estate agency offices (and over 45,000 individual users) who are MyDesktop or Vault subscribers across Australia, New Zealand and the United Kingdom.

The Combined Group will have the opportunity to leverage the existing approximately 28% real estate agency CRM market share in Australia and New Zealand, along with additional revenues derived from VaultRE's next generation property management (PM) capabilities;

- transform the Company from a loss-making business with declining revenues to a profitable business with a number of PropTech growth opportunities including organic (such as the roll out of VaultRE's PM system) and acquisitive growth opportunities;
- realise the vision of becoming a leading ASX-listed pure-play PropTech company with a diversified subscription-based revenue base leveraging the approximately 28% real estate agency CRM market share in Australia and New Zealand to drive organic and acquisitive growth; and
- service a growing customer base in the UK along with the existing Australian and New Zealand markets.

In deciding to pursue the Acquisition, the Directors considered a variety of potential alternative strategies to stabilise the Company's balance sheet and create long term shareholder value. These included:

- exploring a number of other acquisition and PropTech investment opportunities. However, none were as attractive nor transformative as the Acquisition and almost all were loss-making or highly speculative;
- a stand-alone capital raising for the funds required to repair the Company's balance sheet, as well as to generate growth for the business. However, such a capital raising was not considered feasible or attractive due to existing debt levels and a general lack of financier and investor support; and
- a sale of the Company or its assets. However, the Directors viewed such a transaction as likely to deliver less value to Existing Shareholders than the Acquisition.

#### 4.9 Restructured Board

On completion of the Proposed Transaction, the Company's Board will be restructured to include Scott Wulff as a new director. Accordingly, on Completion of the Proposed Transaction, the Board will comprise:

Simon Baker	Non-Executive Chairman
Joe Hanna	Group CEO
Scott Wulff	Executive Director and General Manager – CRM
Georg Chmiel	Non-Executive Director
Sam Plowman	Non-Executive Director

Biographical details are provided in section 8.3.

#### 4.10 Board intentions if completion of the Acquisition occurs

In the event the Acquisition is completed and the Capital Raising is successful, the funds raised from the Capital Raising, together with the Company's and Real Estate CRM's existing cash reserves (including any profits earned by Real Estate CRM since March 2020 until settlement of the Acquisition) will be allocated as set out in **Section 8.12**.

#### 4.11 Plans for the Company if the Essential Resolutions are not passed

If the Essential Resolutions are not approved at the General Meeting or the Proposed Transaction does not occur in accordance with its terms (including the approval of ASX for reinstatement of the Company's securities to quotation), the Acquisition will not complete, the Company will not issue the Consideration Shares contemplated in the Resolutions and the Capital Raising will not occur.

In that event, the Company would have to pursue another method of addressing its debt and cash flow challenges without the significant benefits and other synergies that are expected to be achieved through the Proposed Transaction.

Absent the Proposed Transaction, there is uncertainty as to whether the Company would be able to generate sufficient sustainable cash flows to meet its short-term operating requirements, let alone grow and expand its existing business. If the Proposed Transaction does not proceed, the Directors would need to give due consideration as to the feasibility and viability of recommencing trading and may need to explore a divestment and/or asset sale. In addition, if the Company cannot acquire a new business or project quickly, the ASX may continue to suspend the quotation of Shares on the ASX until such time as an alternative business is identified.

#### 4.12 Interests of the Sellers in the Company

The Related Party Sellers hold existing interests in the Company's securities in addition to those the subject of the Resolutions and in connection with the Implementation Deed.

None of the other Sellers has any existing interest in the Company's securities separate to the Resolutions and the Implementation Deed.

The current and proposed shareholdings of the Related Party Sellers are detailed in Section 21.

#### 4.13 Independent Expert's Report

The Independent Expert has provided the Independent Expert's Report with respect to the proposed issue of Consideration Shares to the Related Party Sellers pursuant to Resolutions 4-6 inclusive. The Independent Expert has determined the Proposed Transaction, which includes the Acquisition through the issue of the Consideration Shares, is fair and reasonable to the non-associated Shareholders.

The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the Acquisition. This assessment is designed to assist Shareholders in reaching their voting decision.

The Independent Expert's Report is enclosed with this Notice of Meeting in Appendix A. It is recommended that all Shareholders read the Independent Expert's Report in its entirety before deciding whether or not to vote in favour of Resolutions 4 to 6 (inclusive) and the other Essential Resolutions.

#### 4.14 Anticipated timetable for the key matters the subject of the Resolutions

Event	Indicative timing <sup>1</sup>
<b>General Meeting of Shareholders</b> General Meeting convened and ASX notified whether Shareholders' approval has been granted for the Resolutions	30 September 2020
<b>Last day trading in pre-consolidation Shares</b>	1 October 2020
<b>Consolidation Record Date</b>	5 October 2020
<b>Consolidation</b> First day for the Company to send notices to each security holder of the change in their details of holdings First day for the Company to register securities on a post-Consolidation basis First day for issue of new holding statements	6 October 2020
<b>Consolidation</b> Last day for the Company to send notice of each security holder of the change in their details of holding Last day to send new holding statements and enter securities in the holders' security holdings	12 October 2020

<b>Record Date</b> (for the Priority Capital Raising)	28 August 2020
<b>Lodgment of Prospectus with ASIC</b>	5 October 2020
<b>Prospectus offer opens</b>	13 October 2020
<b>Prospectus offer closes</b>	23 October 2020
<b>Issue of Shares pursuant to the Capital Raising</b> Subject to the Directors' satisfaction that the Conditions Precedent in the Implementation Deed are satisfied (or waived), completion under the Implementation Deed, including the issue of the Consideration Shares to Sellers, takes effect	27 October 2020
<b>Trading commences</b> Normal T+2 trading anticipated to commence on a post-Consolidation basis and commencement of trading of Shares on the ASX (subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and subject to the ASX agreeing to reinstate the Company's Shares to quotation)	30 October 2020

<sup>1</sup> Dates are indicative only and subject to change

#### 4.15 Risks

Section 9 sets out a number of non-exhaustive risk factors associated with the Proposed Transaction.

#### 4.16 Directors' interests in the Proposed Transaction

A Directors interest statement is contained in Section 21 of the Notice of Meeting.

#### 4.17 Directors recommendations

A Directors recommendation statement is contained in Section 21 of the Notice of Meeting.

## 5 Reasons to vote on the Essential Resolutions

### 5.1 Reasons to vote in favour of the Resolutions

The reasons why Existing Shareholders may consider voting in favour of the Essential Resolutions include:

<b>The Acquisition provides the Company with a significant revenue producing and profitable business</b>	<p>The Company's existing business essentially operates, at best, on a break-even basis. The Directors have investigated a number of opportunities which have been available to the Company and are of the view that the Acquisition represents the best opportunity for the Company to deliver value to shareholders.</p> <p>In addition the Directors believe that there is a greater likelihood of increasing Shareholder value by progressing the Acquisition than if the Company were to continue its current business activities.</p>
<b>Compelling strategic rationale underpinning the acquisition of Real Estate CRM</b>	<p>The Company's existing business services a relatively narrow section of the property market – residential investment property sales to potential investors in Australia and New Zealand.</p> <p>Real estate agents are at the centre of almost all property transactions (buying, selling, leasing, renting), however real estate agent themselves are not users of the Company's SaaS platform. Similarly, real estate agencies currently subscribe to a number of other SaaS platforms to help manage their back-office operations and interactions with contacts (including communication with vendors, buyers, lessees and lessors).</p> <p>The acquisition of Real Estate CRM enables the Company to build on and expand its existing businesses whilst further aligning to its broader strategic mission to become a leading ASX-listed PropTech company. The Company's mission is to make all property transactions easier, including buying, selling, renting and maintaining properties.</p>
<b>Principal business activity will be clearly focused on the provision of real estate agency software including a CRM and PM system to real estate agent offices</b>	<p>MyDesktop and VaultRE account for a combined approximately 28% of the real estate CRM market in Australia and New Zealand as measured by number of offices. This includes over 3,100 real estate offices and over 45,000 individual subscribers across Australia, New Zealand and the United Kingdom.</p> <p>VaultRE incorporates both CRM and PM into a single platform to provide a next generation product for real estate agents.</p> <p>CRM and PM systems are regarded as critical utilities for a real estate business, and the basis upon which numerous other PropTech products can be built and sold.</p> <p>This more defined focus will allow the Company to be identifiable by the market as a PropTech company and the market will be better able to assess the future prospects of the Company.</p>
<b>Well positioned for long term growth</b>	<p>As an ASX-listed pure-play PropTech company, the Company will control an attractive mix of assets including: the leading real estate sales CRM product in Australian and New Zealand; the next generation complete real estate agent technology platform in VaultRE with a presence in Australia, New Zealand and the United Kingdom; and the leading residential real estate investor toolkit in Australia and New Zealand. On a combined basis, the Combined Group will provide:</p> <ul style="list-style-type: none"><li>• diversified geographic and end market exposure;</li><li>• the potential for significant value creation;</li><li>• significant cost and capital expenditure efficiencies and synergies;</li><li>• improved financial capacity to achieve growth and capitalise on any market recovery; and</li><li>• cash generation expected to provide a significantly stronger balance sheet</li></ul>

<b>Attractive Valuation</b>	<p>Existing Shareholders benefit from the fixed valuation for Real Estate CRM on a cost pass through basis. This means that Real Estate CRM investors have borne all risk associated with the acquisition of Vault and Commerce Australia at no additional direct or indirect cost to Existing Shareholders as compared to a scenario where the Company had acquired Vault and Commerce Australia directly (as both are being undertaken at the same valuation).</p> <p>As a multiple of revenue, the valuation being applied to the Company (approximately 3.4 times revenue) is higher than that applied to Real Estate CRM (approximately 1.6 times revenue). This ratio preserves value for the Company shareholders as part of the Acquisition. ASX-listed comparative market valuations for successful PropTech business are typically even higher based on broker reports.</p>
<b>Reduced risk from diversification</b>	<p>The Proposed Transaction will result in a diversification of the Company's existing risk profile, given the expansion of current product mix and customer base over a larger geographic footprint.</p> <p>Commerce Australia and Vault target the real estate agent market, whereas the Company's existing business predominantly targets retail real estate investors.</p> <p>In addition, Vault provides a new geographic exposure via its businesses in the UK.</p>
<b>The Acquisition will include a capital raising of \$10.6 million which will provide working capital for the Company</b>	<p>As at 30 June 2020, the Company had a cash balance of approximately \$370,000. Without the completion of a capital raising or alternative transaction, the Company has inadequate working capital and relies on the continuing support of the Directors.</p> <p>As part of the Proposed Transaction, the Company will complete the Capital Raising which will aim to raise at least \$10.6 million before costs.</p> <p>Following Completion and the Capital Raising, the Combined Group will be adequately and sustainably capitalised, including to pursue growth opportunities in both the real estate CRM and PM markets in Australia, New Zealand and the UK.</p>
<b>Settle a portion of Accrued Remuneration Entitlements in shares</b>	<p>If the Acquisition is approved, it will allow unpaid Accrued Remuneration Entitlements totaling \$853,662 to be partially repaid through the issue of shares to the extent of \$446,496.</p> <p>This allows for the satisfaction of monies owing to Company Directors without using cash from working capital or seeking external funding.</p>
<b>Potential for increased liquidity and larger market capitalisation</b>	<p>The Company's Shares have been suspended from trading on the ASX since 3 March 2020 and prior to the date the Company's Shares were very thinly traded.</p> <p>The Proposed Transaction will assist the Company to re-comply with ASX listing rules and to relist on the ASX. Shares in the Company are expected to be more liquid than was the case prior to the Acquisition and will enable Shareholders to more easily buy and sell their Shares.</p> <p>Following the Proposed Transaction, the Company will have a higher market capitalisation which may lead to greater market awareness and accordingly, the Company's ability to raise funds in the future and to attract strategic investors may be improved.</p>



## 5.2 Reasons to vote against the proposals in the Resolutions

Reasons why Existing Shareholders may consider voting against the Resolutions include:

<b>Change of business</b>	The Company will be changing the nature and scale of its activities to primarily involve the provision of real estate agency software including a CRM and PM system to real estate agent offices across Australia, New Zealand and the United Kingdom, which may not be consistent with the objectives of all Shareholders and may be seen as a disadvantage to those Existing Shareholders who prefer the Company's existing business model.
<b>Possible Superior Proposal</b>	You may believe that there is a possibility that a superior proposal could emerge in the foreseeable future. However, the Directors note that, since the announcement of the Acquisition on 3rd March 2020, the Directors have not received or become aware of any superior proposal.
<b>Disagreement with rationale for Proposed Transaction</b>	You may believe that the Acquisition and/or Capital Raising are not in your best interests as a Shareholder.
<b>Dilutionary impact on the existing Company Shareholders</b>	Existing Company Shareholders currently hold 100% of the issued share capital in the Company. If all the Resolutions are approved and implemented, Existing Shareholders will hold approximately 12% of the Company which will represent a significant dilutionary effect on the Existing Shareholders. However, it is noted that Existing Shareholders have the opportunity to subscribe for additional shares via the Priority Capital Raising  Whilst Existing Shareholders will effectively hold shares in a different Group with different prospects to the Company (post Acquisition), Shareholders may be of the view that it is preferable to collectively hold 100% of the shares in the Company (pre-Acquisition).
<b>It may be possible for a smaller number of shareholders to pass a special resolution or block an ordinary resolution</b>	Shareholders in the Company (post Acquisition) must obtain 50% of votes from its shareholders to pass an ordinary resolution. In order to pass a special resolution, the Company (post Acquisition) is required to obtain votes from 75% or more of its shareholders.  Real Estate CRM shareholders and investors under the Capital Raising collectively will have control over the Company (post Acquisition) and may be able to influence the outcomes of resolutions sought at meetings of the Company.
<b>Costs</b>	In connection with the Proposed Transaction, the Company has been required to engage a number of advisors, lawyers and experts to facilitate and report on the Proposed Transaction, which represent sunk, but necessary costs to the Company.
<b>Reduced chance of receiving a future takeover offer</b>	Approving the Acquisition will likely have a detrimental effect on any another party wishing to acquire the Company or its business only.

	<p>Shareholders may believe that there is a possibility that a superior proposal could emerge in the foreseeable future. However, the Directors note that, since the announcement of the Proposed Transaction the Directors have not received or become aware of any superior proposal. If a superior proposal is received prior to the General Meeting, this will be considered by the Directors in accordance with their fiduciary duties and the Directors will review their recommendation in relation to the Proposed Transaction.</p> <p>Note that dedicated efforts to transform, divest, invest and partner have been made by the Company over the last 2 years, with the Company beginning formal due diligence with a large number of potential partners and had progressed through to final term sheet negotiations with over eight companies. Half of those companies no longer exist, only one was profitable, none had the breadth (international and product) nor the strategic PropTech scale associated with the Acquisition</p>
<b>Risk factors:</b>	There are risk factors associated with the change in nature and scale of the Company's activities, some of which are detailed in Section 9 below.

### 5.3 Directors' interests in the Proposed Transaction

A Directors interest statement is contained in Section 21 of the Notice of Meeting.

### 5.4 Directors recommendations

A Directors recommendation statement is contained in Section 21 of the Notice of Meeting.

## 6 Information about Real Estate CRM

If the Proposed Transaction proceeds, then Existing Shareholders will be shareholders in the Combined Group, which will include Real Estate CRM as a wholly owned Subsidiary of the Company.

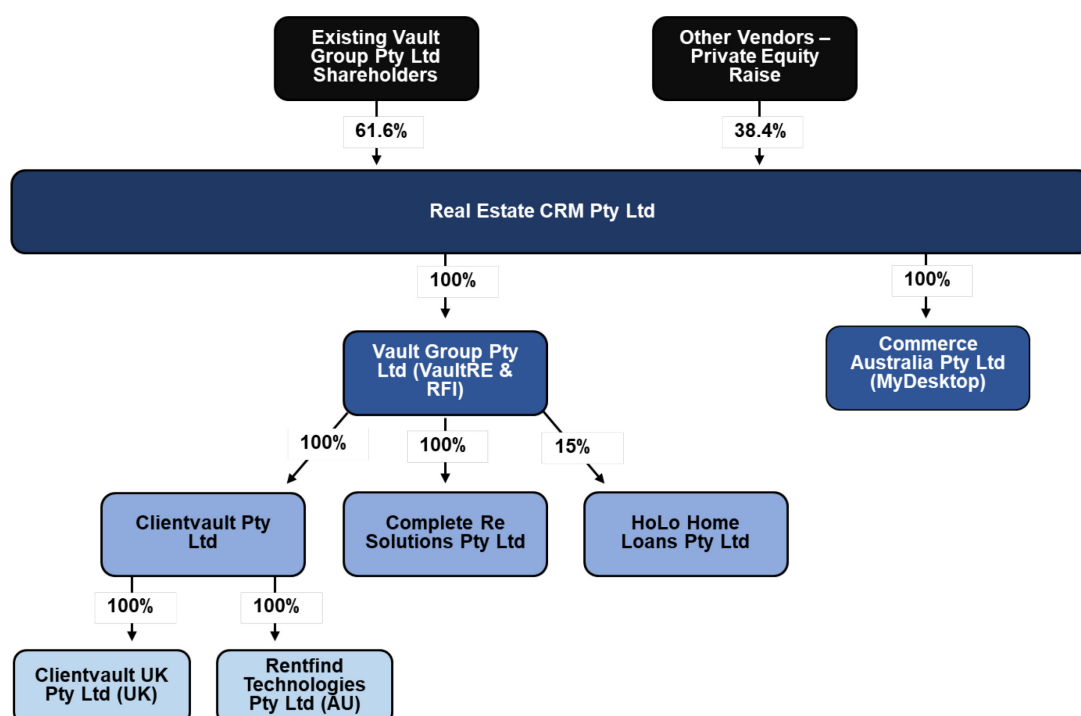
This Section provides information about Real Estate CRM, its businesses and operations.

### 6.1 Capital Structure

Real Estate CRM is an Australian proprietary limited company which was incorporated in Victoria on 13 February 2020 and is the holding company for the following Subsidiaries:

- (a) Commerce Australia Pty Ltd, a private company incorporated in Western Australia on 9 May 1996, which is the owner and operator of the MyDesktop real estate CRM software product in Australia and New Zealand;
- (b) Vault Group Pty Ltd, a private company incorporated on 10 October 2019 in Western Australia. It holds 100% of the shares in Client Vault Pty Ltd and Complete RE Solutions Pty Ltd, these entities own and operate the VaultRE real estate CRM, PM and Rentfind Inspector software products in Australia, New Zealand and the United Kingdom;
- (c) Clientvault Pty Ltd a private company incorporated on 22 February 2011 in Western Australia. This entity holds 100% of Clientvault UK Pty Ltd and Rentfind Technologies Pty Ltd;
- (d) Clientvault UK Pty Ltd a private company incorporated on 16 August 2019 in the UK, this entity is UK domiciled and holds all of the UK operations for Rentfind Inspector and VaultRE;
- (e) Rentfind Technologies Pty Ltd, a private company incorporated on 15 November 2013, which is a digital property inspection tool called Rentfind Inspector operating in Australia and the United Kingdom;
- (f) Complete RE Solutions Pty Ltd a private company incorporated on 21 December 2017, it currently manages and operates the VaultRE real estate CRM and PM system for the ANZ market; and
- (g) HoLo Home Loans Pty Ltd is a private Australian company incorporated on 4 March 2015, it is held as an investment with a 15% stake held by Vault Group. Holo is a digital home mortgage comparison platform which operates in Australia.

The corporate structure of Real Estate CRM is summarised as follows:



## 6.2 History

Real Estate CRM is a proprietary company which was incorporated in Victoria on 13 February 2020. It was established as a special purpose entity to affect the MyDesktop Acquisition and the Vault Acquisition.

To fund the initial \$5.0 million cash consideration payable to DHG (and to fund working capital and pay other transaction costs) under the MyDesktop Acquisition, in March 2020 Real Estate CRM issued 6,225,000 ordinary shares at an issue price of \$1.00 to various sophisticated and professional investors (including the Related Party Sellers) for total consideration of \$6.25 million, of which \$6 million was cash and the balance in satisfaction of professional services provided to Real Estate CRM in connection with the MyDesktop Acquisition and the Vault Acquisition.

On 13 March 2020, Real Estate CRM completed both the Vault Acquisition and the MyDesktop Acquisition.

The current shareholders of Real Estate CRM (**Sellers**) are detailed in Schedule 1 along with full details of the Consideration Shares to be issued to them.

## 6.3 Overview of Real Estate CRM business

The primary operations of Real Estate CRM consist of two complementary CRM platforms – MyDesktop and VaultRE. Combined they account for approximately 28% of the residential real estate CRM market in Australia/New Zealand as measured by number of subscriber offices. This includes over 3,100 real estate offices and over 45,000 individual subscribers across Australia, New Zealand and the United Kingdom.

- **MyDesktop** – MyDesktop was launched in 1997 and is the leading real estate sales CRM system in Australia and New Zealand. Together, MyDesktop and VaultRE currently service over 3,100 real estate offices with over 45,000 active monthly users. MyDesktop integrates with over 300 third party businesses that provide adjacent software and back-end services. MyDesktop was established 23 years ago by founders Scott Wulff and Adam Campbell in collaboration with the real estate industry.

Prior to being acquired by Real Estate CRM, it was acquired by Fairfax Digital from the founders as two separate 50% parcels in 2007 and 2010. Subsequently, MyDesktop was spun off as a subsidiary of Domain Group Ltd when it was separately listed on ASX in late 2017.

- **VaultRE** – VaultRE is a next-generation real estate system which contains both property sales CRM and rental PM functionality on the same technology platform. VaultRE was launched in 2017, and it currently services approximately 700 real estate offices across Australia, New Zealand and the United Kingdom. VaultRE is marketed as “MyDesktop version 2.0”, reflecting its newer technology with increased functionality and features.

VaultRE’s primary near-term objective is to migrate all existing MyDesktop clients across to the new platform. VaultRE was developed by the same founders of MyDesktop following their departure from Domain in 2016. It was owned & managed as a separate business until the recent merger with MyDesktop under the Real Estate CRM corporate structure.

Other **Businesses** – Real Estate CRM also owns, through Vault Group:

- 100% of **Rentfind Inspector**, a digital property inspection tool created in 2013 and now used by 770 real estate property managers across Australia and the United Kingdom; and
- a 15% stake in **HoLo** which is an online mortgage comparison platform operating in Australia which has written approximately 100 home loans since its launch in 2017.

## 6.4 Real Estate CRM Customer Base

The Real Estate CRM customer base consists of a mix of franchisor, franchisee, networks and individual offices in the real estate sector across Australia, New Zealand and the United Kingdom.

Key clients for Real Estate CRM are:

- Ray White franchise group across Australia, New Zealand and Indonesia;
- Raine & Horne;
- Elders;

- PRD; and
- Professionals.

Real Estate CRM platform caters not only to the large franchise groups, but also to smaller networks and independent offices. One notable difference between Real Estate CRM's client base compared to its domestic competitors is the penetration into a large number of local independent real estate agencies across Australia and New Zealand.

## 6.5 Overview of Real Estate Industry and Related Software

Residential real estate agencies manage the sale, letting and ongoing management of properties on behalf of the owner. In addition, some real estate offices also participate in small scale commercial, agricultural and industrial property sales and management.

To support business activities and workflow, residential real estate agencies utilise applications including CRM and PM software. These applications are business-critical and are generally provided by independent software vendors (ISVs). Some ISVs (particularly in the UK) provide solutions for both CRM and PM (a single-platform solution), however a significant number of agencies utilise separate CRM and PM software from different vendors, particularly in Australia and New Zealand.

Some larger real estate agency groups have developed in-house software for CRM and PM, however the significant costs involved in developing and maintaining in-house software when compared to using commercial software precludes this for most agencies (the costs of developing in-house software are estimated at \$400,000 - 600,000)<sup>5</sup>. Across Australia, NZ and the UK, the total annual market size for real estate agency software (CRM and PM combined) is estimated at \$320 million<sup>6</sup>.

The key features of a sales CRM system for real estate agents include:

- Franchise Management System;
- Contact Management;
- Property Listing Management;
- Lead Management & Tracking;
- Trust Accounting & Commissions; and
- Reporting & Analytics.

The key features of a rental PM system for real estate agents include:

- Owner Management;
- Tenant Management;
- Communications & Administration;
- Legal & Accounting;
- Inspections & Maintenance; and
- Reporting & Analytics.

## 6.6 Real Estate CRM technology

MyDesktop was first launched over 20 years ago and has become the leading real estate CRM product in Australia and New Zealand. VaultRE is the next-generation CRM and PM platform for real estate agents and was developed by the same founders and developers as MyDesktop.

Following the acquisition of Commerce Australia and Vault by Real Estate CRM in March 2020, existing MyDesktop clients are being progressively transitioned across to the VaultRE platform.

VaultRE has been developed using a modern technology stack built from the ground up. It utilises over 60 years of the founders' combined real estate technology experience built into a single client business solution for real estate agents and their offices.

<sup>5</sup> Estimate by Zoopla Property Group, quoted in Competition & Markets Authority, Completed acquisition by ZPG plc of Websky Limited (Expert Agent)

<sup>6</sup> Frost & Sullivan

VaultRE has been developed to offer a sales CRM and a rental PM all contained within a single system. The key technical elements of the VaultRE platform include:

- Modern technology stack built from the ground up;
- Enterprise grade;
- Highly scalable, high availability stateless architecture;
- Leveraging AI, data mining and machine learning;
- API first approach;
- Over 300 integrations including real time service APIs;
- Cross platform and multi-device support;
- In-house Australian-based development team; and
- 100%-owned IP within the Vault Group.

## 6.7 Strategy

The strategy for Real Estate CRM (and subsequently the Combined Group following implementation of the Proposed Transaction) is to offer a complete technology solution for real estate agents in Australia, New Zealand and the United Kingdom. The merger of the MyDesktop existing client base and the VaultRE's technology platform provides residential real estate agents with a combined sales CRM and rental PM system on a single platform using the latest functionality. This sets Real Estate CRM apart from other software suppliers in the domestic market.

### Sales and Listings Management

MyDesktop was launched in 1997 and while the technology has been updated, it still relies on legacy technology from that time. As a result, it has limited capability to expand beyond its existing sales CRM functionality, and incorporating a rental PM module into such a product would require a significant technology rebuild.

On the other hand, VaultRE was developed in 2017 starting with a 'clean slate', newer software and employing the knowledge gained from over 20 years of operating MyDesktop. This has enabled Vault to incorporate both the latest sales CRM functionality as well as a rental PM system into the one VaultRE platform.

### Rental Property Management

Existing PM products for the residential real estate sector have been developed around a core of trust accounting functionality. Components such as CRM, marketing, prospecting and appraisals are often either a basic add-on, or non-existent, and generally require integration with additional third-party products. This is a further technology burden for a real estate business, particularly in relation to administration and training and subscription costs.

### A combined CRM / PM system for real estate offices

As a single system, VaultRE offers many unique advantages including:

- A single system managing both property sales and management;
- A single view of a client;
- A single view of the real estate business;
- A single view of the franchise network;
- Less double-handling and less duplication of data;
- A settled property can be immediately managed by the rentals department;
- A rental property can be simultaneously advertised for sale;
- The ability to market investment properties to existing landlords on the database;
- Less administration across IT systems;
- Better internal reporting;

- Less internal training;
- Lower all-in subscription costs; and
- Leverage the Company's existing and growing subscriber base of active real estate investors.

## 6.8 Board and senior management

### (a) Board

The Board of Real Estate CRM comprises the following people:

Simon Baker	Non-Executive Chairman
Joe Hanna	Executive Director
Scott Wulff	Executive Director
Sam Plowman	Non-Executive Director

### (b) Senior executive team

Members of Real Estate CRM's senior executive team are:

Joe Hanna	Group CEO
Scott Wulff	General Manager – CRM
Michael Fiorenza	Group CFO
Adam Campbell	Technology Director

## 6.9 Interests of the Real Estate CRM's directors and senior management

Current Real Estate CRM Board and senior management shareholdings in Real Estate CRM are as follows:

Name	Number of Real Estate CRM Shares held	%
Simon Baker	1,500,000	9.24%
Sam Plowman	1,361,056	8.39%
Joe Hanna	500,000	3.08%
Scott Wulff	1,289,464	7.95%
Michael Fiorenza	250,012	1.54%
Adam Campbell	1,366,522	8.42%

## 6.10 Historical financial information for Real Estate CRM

### (a) Basis of preparation

The historical financial information below is a pro forma summary only and has been extracted from the audited financial statements of Commerce Australia Pty Ltd, Complete Re Solutions Pty Ltd, Clientvault Pty Ltd and their respective Subsidiaries<sup>7</sup> (which on an aggregated basis form the consolidated Real Estate CRM summary presented below) for the financial years ended 30 June 2018 and 30 June 2019 and

<sup>7</sup> Complete Re Solutions Pty Ltd, Clientvault Pty Ltd and their respective subsidiaries form Vault Group Pty Ltd on a consolidated pro-forma basis.

reviewed financial statements for the 6 months to 31 December 2019, adjusted as described below.

The historical financial information in this Section 6.10 is a summary only and does not contain all the disclosures provided in an annual report in accordance with the Corporations Act.

- (b) Complete copies of the audited financial statements of Commerce Australia Pty Ltd Complete Re Solutions Pty Ltd, Clientvault Pty Ltd and their respective subsidiaries (being the operating entities that comprise the historical financial information for Real Estate CRM), for the financial years ended 30 June 2018, 30 June 2019 and the reviewed financial statements for the 6 months to 31 December 2019 are available on the Company's website at [www.rei-group.com.au](http://www.rei-group.com.au)

(c) **Consolidated income statement**

The income statement for Real Estate CRM has been prepared on a pro forma consolidated basis, which consists of the two acquired entities of Commerce Australia and Vault Group, and has been prepared based on the underlying audited financial statements of Commerce Australia Pty Ltd, Complete Re Solutions Pty Ltd and Clientvault Pty Ltd, for the financial years ended 30 June 2018, 30 June 2019 and the reviewed financial statements for the 6 months to 31 December 2019. The pro forma consolidated income statement has been adjusted to exclude:

- all income and expenses which are considered to be one-off or non-recurring; and
- other non-operating items.

No adjustments have been included for the alignment of Real Estate CRM's and the Company's respective accounting policies or other purchase price allocation considerations, which will be undertaken post-Completion in accordance with applicable accounting standards.

	Consolidated	Consolidated	Consolidated
	HY 2020	FY 2019	FY20'18
	A\$ '000's	A\$ '000's	A\$ '000's
Revenue	4,984	9,926	9,921
Other income	192	130	104
<b>Total revenue</b>	<b>5,176</b>	<b>10,056</b>	<b>10,025</b>
Data and production costs	(1,104)	(1,908)	(1,525)
Employee benefits expenses	(2,331)	(4,118)	(3,752)
Legal and professional fees	(2)	(2)	(3)
Marketing expenses	(12)	(20)	(6)
Occupancy expenses	(122)	(233)	(226)
General and administration expenses	(170)	(367)	(318)
Other expenses	(5)	(18)	(116)
<b>Total operating expenses</b>	<b>(3,746)</b>	<b>(6,666)</b>	<b>(5,946)</b>
<b>EBITDA</b>	<b>1,430</b>	<b>3,390</b>	<b>4,079</b>



(d) **Pro forma consolidated balance sheet**

The pro forma consolidated balance sheet for Real Estate CRM been extracted from the audited financial statements of Commerce Australia Pty Ltd, Complete Re Solutions Pty Ltd, Clientvault Pty Ltd and their respective Subsidiaries (which on an aggregated basis form the Real Estate CRM Pro-Forma Consolidated Balance Sheet) as at 31 December 2019 adjusted to:

- (A) exclude the balance sheets of entities and any related balances which are not included in the Proposed Transaction;
- (B) exclude outstanding balances with related parties, which were settled post 31 December 2019 either by cash settlement or by issue of equity;
- (C) no adjustments have been included for the alignment of Real Estate CRM and the Company's respective accounting policies or other purchase price allocation considerations, which will be undertaken post-Completion;
- (D) actual value of goodwill and intangible assets will be determined post Completion and will be based on the final combined value of the cash and share consideration; and
- (E) No fair value adjustments have been to the amounts in Deferred liability and Contingent liability meaning no discounts have been applied and are shown in full.

	As at 31 December 2019 Real Estate CRM Pty Ltd A\$ '000's
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	1,439
Trade and other receivables	367
<b>Total current assets</b>	<b>1,806</b>
<b>Non-current assets</b>	
Deferred tax asset	521
Intangible assets and goodwill	23,507
Plant and equipment	2
<b>Total non-current assets</b>	<b>24,030</b>
<b>Total assets</b>	<b>25,836</b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Trade and other payables	157
Employee benefits	174
Deferred revenue	267
Contingent liability	7,000
Deferred liability	2,000
<b>Total current liabilities</b>	<b>9,598</b>
<b>Non-current liabilities</b>	
Employee benefits	13
<b>Total non-current liabilities</b>	<b>13</b>
<b>Total liabilities</b>	<b>9,611</b>
<b>Net assets</b>	<b>16,225</b>

## 6.11 Financing and liabilities

Real Estate CRM was established as a special purpose vehicle to facilitate both the MyDesktop Acquisition and the Vault Acquisition. It issued 6,225,012 shares at an issue price of \$1.00 each to a number of sophisticated and professional investors in March 2020 to fund the \$5.0 million upfront cash payment to DHG for the purchase of Commerce Australia, payment or satisfaction of associated transaction costs, and for initial working capital purposes.

Real Estate CRM has no debt. However, under the agreement for the MyDesktop Acquisition, Real Estate CRM is required to pay the Deferred Consideration to DHG as follows:

- \$2.0 million unconditional cash payment, payable on 13 March 2021;
- Up to \$4.0 million by way of deferred cash consideration on or about 31 March 2021, conditional on certain client retention targets being achieved; and
- Up to \$3.0 million by way of deferred cash consideration on or about 1 July 2021, conditional on certain performance criteria.

## 6.12 Capital structure

Real Estate CRM has a total of 16,225,012 fully paid ordinary shares on issue comprising:

- 6,225,012 fully paid ordinary shares issued to sophisticated and professional investors at an issue price of \$1.00 per share as described in section 6.11 above; and
- 10,000,000 fully paid ordinary shares issued to the former shareholders of Vault in consideration for the acquisition by Real Estate CRM of all of the issued fully paid ordinary shares in Vault.

## 6.13 Substantial holders

The substantial shareholders (holding Relevant Interests of greater than 5%) of Real Estate CRM are as follows:

Real Estate CRM Shareholder	Number of Real Estate CRM Shares held	Voting power (%)
HB Super Holdings Pty Ltd (Simon Baker)	1,500,000	9.24%
Propplat Pty Ltd	1,435,483	8.85%
Adam Campbell	1,366,522	8.42%
Sam Plowman	1,361,056	8.39%
Scott Wulff	1,289,464	7.95%
Lawson Macnee Pty Ltd	1,249,982	7.70%
Real Estate Institute of Western Australia	1,249,982	7.70%
David James	1,216,522	7.50%
Matthew Healy	1,139,877	7.03%

## 7 Brief Information about the Company

### 7.1 Introduction & History

Real Estate Investar Group Ltd is an Australian public company that was listed on ASX in December 2015 (REV:ASX). The Company operates an online residential property investment platform which encompasses a set of tools and services to make property investment analysis simpler and more efficient.

REV Shares have been voluntarily suspended from trading since 3 March 2020 pending completion of the Proposed Transaction and the ASX re-compliance process.

### 7.2 Overview of business

Since 2010, the Company's core business has been the provision of a subscription-based property investment platform and associated online tools for Australian and New Zealand investors. The key operating metrics for the business include:

- 150,000+ individual subscribers, of which ~1,000 are paying subscribers;
- 650,000+ online property listings compiled daily from over 20 websites;
- Subscriber plans priced at \$99, \$149 and \$248 per month; and
- 10 years of online operating history and associated property data.

In recent years, the Company has been actively seeking to identify and evaluate new opportunities across the broader PropTech sector both domestically and offshore, with a view to increasing Shareholder value.

### 7.3 Senior management

#### (a) Board

The Company's Board comprises the following people:

Simon Baker	Non-Executive Chairman
Joe Hanna	Executive Director
Sam Plowman	Independent Non-Executive Director
Georg Chmiel	Independent Non-Executive Director

#### (b) Senior executive team

Members of the Company's senior executive team are:

Joe Hanna	Executive Director
Michael Fiorenza	Group CFO
Ben Fry	COO

### 7.4 Historical Financial information

#### (a) Basis of preparation

The historical financial information below is a summary only and the full financial accounts for the Company for the financial years described below, which include the notes to the accounts, can be found in the Company's annual reports for those periods. These annual reports are available on the ASX announcement platform at [www.asx.com.au](http://www.asx.com.au).

(b) **Consolidated Income Statement**

The summarised consolidated historical income statements of the Company set out in the table below, for the financial years ended 30 June 2018, 30 June 2019 and 6 months to 31 December have been extracted from the Company's audited and reviewed (as applicable) financial statements.

	REAL ESTATE INVESTAR GROUP LTD		
	Reviewed Consolidated HY 2020	Audited Consolidated FY 2019	Audited Consolidated FY20'8
	A\$ '000's	A\$ '000's	A\$ '000's
<b>Revenue and income</b>			
Revenue	517	1,071	1,793
Other income	-	251	-
<b>Total revenue and other income</b>	<b>517</b>	<b>1,322</b>	<b>1,793</b>
<b>Expenses</b>			
Commissions	(9)	(16)	(91)
Costs of website and data	(78)	(213)	(847)
Employment expense	(312)	(902)	(1,488)
Depreciation and amortisation	(239)	(499)	(483)
Occupancy	(23)	(99)	(119)
Marketing	(38)	(99)	(177)
IT and legal	(73)	(122)	(148)
Professional and consulting expenses	(218)	(171)	(62)
Bad debts and provision for doubtful debts	(5)	-	(74)
Impairment expense	-	-	(369)
Other expenses	(78)	(172)	(393)
Finance costs	(9)	(40)	(6)
<b>Loss before income tax expense from continuing operations</b>	<b>(565)</b>	<b>(1,011)</b>	<b>(2,464)</b>
Income tax expense	-	-	-
<b>Loss after income tax expense from continuing operations</b>	<b>(565)</b>	<b>(1,011)</b>	<b>(2,464)</b>
Profit / (loss) after income tax expense from discontinued operations	2	(137)	(96)
<b>Loss after income tax expense for the year</b>	<b>(563)</b>	<b>(1,148)</b>	<b>(2,560)</b>
Foreign currency translation differences	(2)	(19)	(6)
<b>Total comprehensive loss for the year</b>	<b>(565)</b>	<b>(1,167)</b>	<b>(2,566)</b>

The table below provides the profit and loss operational overview for the Company during the financial years ended 30 June 2018 and 30 June 2019 and 6 months to 31 December 2019.

	REAL ESTATE INVESTAR GROUP LTD		
	Consolidated	Consolidated	Consolidated
	HY 2020	FY 2019	FY2018
	A\$ '000's	A\$ '000's	A\$ '000's
Operating revenue <sup>8</sup>	517	1,071	1,793
Operating expenses <sup>9</sup>	(834)	(1,794)	(3,401)
<b>EBITDA</b>	<b>(317)</b>	<b>(723)</b>	<b>(1,608)</b>

(c) **Consolidated Balance Sheet**

The Company's consolidated historical balance sheet as at 30 June 2018, 30 June 2019 and 31 December 2019 is set out below.

	REAL ESTATE INVESTAR GROUP LTD		
	Consolidated	Consolidated	Consolidated
	HY 2020	FY 2019	FY2018
	A\$ '000's	A\$ '000's	A\$ '000's
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	352	252	107
Receivables	319	728	1,416
Prepayments	85	46	96
<b>Total current assets</b>	<b>756</b>	<b>1,026</b>	<b>1,619</b>
<b>Non-current assets</b>			
Receivables	-	-	78
Plant and equipment	4	15	32
Intangible assets	252	455	923
<b>Total non-current assets</b>	<b>256</b>	<b>470</b>	<b>1,033</b>
<b>Total assets</b>	<b>1,012</b>	<b>1,496</b>	<b>2,652</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	1,331	1,203	1,759
Borrowings	-	-	335
Provision for employee entitlements	56	60	115
<b>Total current liabilities</b>	<b>1,387</b>	<b>1,263</b>	<b>2,209</b>
<b>Non-current liabilities</b>			
Trade and other payables	24	72	24
Provision for employee entitlements	-	-	32
<b>Total non-current liabilities</b>	<b>24</b>	<b>72</b>	<b>56</b>
<b>Total liabilities</b>	<b>1,411</b>	<b>1,335</b>	<b>2,265</b>
<b>Net assets</b>	<b>(399)</b>	<b>161</b>	<b>387</b>
<b>Equity</b>			
Contributed equity	13,842	13,842	12,470
Accumulated losses	(14,610)	(14,047)	(12,422)
Reserves	369	366	339
<b>Total equity</b>	<b>(399)</b>	<b>161</b>	<b>387</b>

## 7.5 Capital Structure

As at the last practicable date before the date of this Explanatory Statement, the Company had the following securities on issue (on a pre-Consolidation basis):

- 233,205,108 Shares
- 13,700 Options over Shares

<sup>8</sup> Excludes discontinued operations and other income  
<sup>9</sup> Excludes Depreciation, Impairments & Finance costs

## 7.6 Substantial shareholders

The following persons have notified the Company of the fact that they hold substantial holdings (within the meaning of the Corporations Act) in the Company's Shares as at the last practicable date before the date of this Explanatory Statement, based on substantial shareholder notice lodgements with ASX, which are available on the ASX website.

Shareholder	Number of REV Shares	Voting power
Simon Baker (and or including all entities owned or controlled)	78,488,344	33.7%
Joe Hanna (and or including all entities owned or controlled)	26,455,952	11.3%

## 7.7 Trading update and outlook

The Company's revenues for FY20 are remained relatively flat when compared to FY19, driven by only minor growth in the total number of paid subscribers. This growth takes into account the impact of COVID-19 which resulted in two consecutive months of net losses in paid subscribers during March and April 2020, recovering in May and June 2020,

On a stand-alone basis, excluding corporate costs (which include executive remuneration for Joe Hanna and Michael Fiorenza, Director fees and costs associated with being listed on ASX) operating expenses were also flat compared with the previous year.

Cash balances at 30 June 2020 stood at approximately \$370,000, with a total of approximately \$350,000 in outstanding collections from remained property transactions.

## 8 Information about the Combined Group

### 8.1 Business overview

The Company will, if the Proposed Acquisition is implemented, remain listed on ASX (to be renamed PropTech Group (PTG)) and will become the ultimate holding company, through Real Estate CRM, of both Commerce Australia and Vault Group.

The Combined Group will be the leading residential real estate CRM software provider in the domestic market. The strategy for the Combined Group will be to pursue multiple growth avenues including subscriber growth, product extension, geographic expansion, and selective acquisitions. Future growth will be driven both organically and via identification of new opportunities across the broader PropTech sector domestically and offshore.

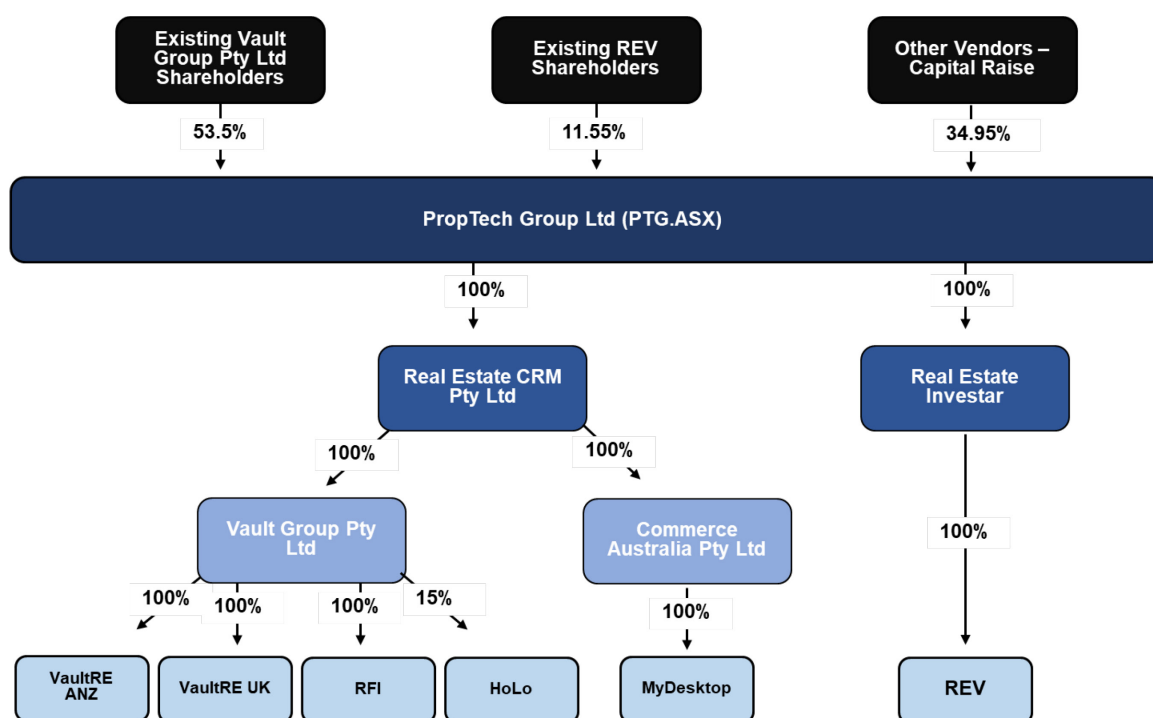
The key initial focus for the Combined Group is to continue the ongoing transition of existing MyDesktop clients from MyDesktop to the new VaultRE platform. The transition process is expected to occur progressively over the next 12 to 18 months.

The Company's existing business will continue to operate as part of a larger and more diverse PropTech business. The existing REV SaaS platform has over 150,000 individual property investment subscribers, with the opportunity for operational synergies as part of the Combined Group.

The brand of the Combined Group is expected to be reviewed to reflect the strategy of the business, operational excellence, and innovation in line with existing strategy which will be fast tracked through the Proposed Transaction.

### 8.2 Pro forma corporate structure

The below diagram depicts the proposed corporate structure of the Combined Group if the Proposed Transaction is implemented:



## 8.3 Board and management

### (a) Board

Upon implementation of the Proposed Transaction, the Company's Board will comprise the following directors:

Simon Baker	Non-Independent Non-Executive Chairman
Joe Hanna	Executive Director and Group CEO
Sam Plowman	Non-Independent Non-Executive Director
Georg Chmiel	Independent Non-Executive Director
Scott Wulff	Executive Director and GM - CRM

### (b) Details of the Directors following the Proposed Transaction

#### Simon Baker –Non-Executive Chairman (not independent)

Simon is a 25-year digital industry expert. He is a thought-leader, investor, presenter & adviser across the PropTech sector globally. Simon was the founding MD of realestate.com.au (REA.ASX) at its IPO on ASX. He was also the Chairman of Mitula (MUA.ASX) and iProperty (IPP.ASX) before they were acquired. Simon is currently the Non-Executive Chairman of the Company and a Non-Executive Director of Real Estate CRM.

#### Georg Chmiel – Independent Non-Executive Director

Georg has over 25 years' experience in growth businesses, especially in the real estate and PropTech sectors. He is currently the Executive Chairman of Juwai-IQI and iCarAsia (ICQ.ASX), and a Non-Executive Director of Centrepont Alliance (CAF.ASX). Georg was previously the MD of iProperty and a Non-Executive Director of Centrepont Alliance (CAF.ASX). Georg was previously the MD of iProperty and a Non-Executive Director of Mitula (MUA.ASX). Prior to that, he was global MD of the LJ Hooker Group and CFO at realestate.com.au (REA.ASX).

#### Joe Hanna - Executive Director and Group CEO

Joe has 20 years' experience in PropTech & digital classifieds. He has been a founder & director of a number of start-up technology companies including Mitula (ASX IPO in 2015, acquired 2019), xLabs and PredictiveMatch. Previous ASX directorships include Mitula (MUA.ASX) and Latam Autos (LAA.ASX). Earlier in his career, Joe held various senior management & technology roles at Fairfax Digital (FXJ.ASX) for 8 years. Joe is currently an Executive Director of both the Company and Real Estate CRM.

#### Sam Plowman - Non-Independent Non-Executive Director

Sam has over 25 years corporate experience across PropTech, fintech and the digital sector. He is the current CEO and co-principal at Payment Logic. Earlier in his career, Sam held senior positions at ANZ, NAB, Sandstone Technologies and Fairfax/Domain, where he led the acquisition of MyDesktop in the late 2000s. Sam is a Non-Executive Director of both the Company and Real Estate CRM.

#### Scott Wulff - Executive Director and General-Manager – CRM

Scott has over 30 years corporate and PropTech experience. He was the co-founder and developer of MyDesktop in 1997 (with Adam Campbell) before the business was acquired by Fairfax/Domain in the late 2000s. After leaving Fairfax/Domain in 2016, Scott & Adam developed VaultRE as a next-generation real estate CRM and PM platform. Scott is an Executive Director of Real Estate CRM.



(c) **Senior executive team**

Upon implementation of the Proposed Transaction, the Combined Group's senior executive team will comprise:

Joe Hanna	Group CEO
Scott Wulff	General Manager – CRM
Michael Fiorenza	Group CFO
Adam Campbell	Technology Director
David James	General Manager – RFI
Christian Scandurra	Sales Director – UK
Matthew Healy	Chief Technology Officer

**Background on the Senior Executive Team**

Adam Campbell - Technology Director

Adam has over 22 years' experience in the PropTech sector. He was the co-founder and developer of MyDesktop in 1997 (with Scott Wulff) before the MyDesktop business was acquired by Fairfax/Domain in the late 2000s. After leaving Fairfax/Domain in 2016, Adam & Scott developed VaultRE as a next-generation real estate CRM and PM platform. Adam has close working relationships with the major real estate franchise groups across ANZ.

Michael Fiorenza - Group Chief Financial Officer

Michael has over 13 years international experience in finance & accounting, with the last 5 years focused on the PropTech sector. He is the CFO of Real Estate Investar (REV:ASX), and previous CFO of the VC fund CAV Investment Group. Earlier in his career, Michael held a range of accounting & finance roles in Australia and offshore including NAB (NAB:ASX), Aurizon (AZJ.ASX), Suncorp (SUN.ASX) and Mattel (MAT.NASDAQ).

Joe Hanna - Executive Director and Group Chief Executive Officer

Biographical details are set out above.

Matthew Healy - Chief Technology Officer

Matt has over 13 years of experience in the PropTech sector. He was the co-developer of MyDesktop from 2007 to 2016. Matt also co-founded the VaultRE platform and is responsible for the third-party technology integrations, commercial property system requirements, and the franchise management systems across the business.

David James - General Manager - Rentfind Inspector

David has 20 years' experience in the PropTech sector. He joined MyDesktop in 2000 focused on core product development until the business was acquired by Fairfax/Domain. David joined the Vault team in 2016 to manage the development and rollout of Rentfind Inspector in both Australia and the UK. Earlier in his career, he worked in banking and IT in the UK.

Christian Scandurra - Sales Director – UK

Christian has over 15 years PropTech experience in Australia and the UK. From 2007 to 2014, he was the Sydney-based Sales Manager for MyDesktop. Christian then relocated to the UK and successfully launched Rentfind Inspector and VaultRE into that market. Earlier in his career, Christian was a real estate agent in Australia and Europe, which gave him a strong knowledge of the technology requirements of the sector.

Scott Wulff - Executive Director and General Manager - CRM

Biographical details are set out above.

## 8.4 Funding

As Real Estate CRM is currently profitable, the funds to be raised under the Capital Raising are considered sufficient to meet the immediate objectives of the Combined Group. Additional funding may be required in the event that costs exceed the Company's estimates and/or to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional funding will be required.

## 8.5 Modification of the Company's business model

The Combined Group will own four 100%-owned SaaS-based products: The Company's SaaS product, VaultRE, MyDesktop and Rentfind Inspector. While the Real Estate Investor SaaS offering is a 'B2C' revenue model with retail subscribers, the other three businesses are 'B2B' revenue models. Following completion of the Proposed Transaction, the majority of revenues are expected to be derived from monthly subscription fees charged to customers use of each respective SaaS platform along with distribution, referrals, channel partnership and JV arrangements (usually either fixed fee, revenue share or commission based). Additional revenue may also be generated from a combination of training fees, set-up fees and product customisation.

## 8.6 Financial effect of the Proposed Transaction on the Company

The effect of the Proposed Transaction on the Company is set out below:

Particulars	Before Proposed Transaction	Increase/Decrease due to Proposed Transaction	After Proposed Transaction
	A\$ '000's	A\$ '000's	A\$ '000's
Total Consolidated Assets (As at 31/12/2019)	1,011,759	38,506,288	39,518,047
Total Equity Interests (As at 31/12/2019)	(399,062)	29,341,466	28,942,404
Annual revenue (As at 30/06/2019)	1,321,750	10,056,252	11,378,002
Annual Expenditure (As at 30/06/2019)	(2,332,395)	(8,521,742)	(10,854,137)
Annual EBITDA (As at 30/06/2019)	(722,895)	3,641,687	2,918,792
Annual Profit / (Loss) before tax (As at 30/06/2019)	(1,010,646)	1,378,327	367,681

The Independent Expert's Report set out in Annexure A contains further details of the Company's financial performance and financial position.

## 8.7 Pro forma capital structure of the Combined Group

A pro forma capital structure following completion of the Proposed Transaction on a post-Consolidation basis is set out below:

	Shares	Options
<b>Pre-Consolidation</b>		
Current issued capital prior to Consolidation	233,205,108	685,000
<b>Post Consolidation</b>		
Estimated issued capital following the Consolidation but prior to the completion of the Acquisition	11,660,255	685,000
Proposed issue of Consideration Shares	64,900,048	-

	Shares	Options
Proposed issue pursuant to the Capital Raising	42,400,000	-
Proposed issue on issues of Shares on conversion of Accrued Remuneration Entitlements	2,344,064	-
<b>Total estimate on completion of the matters contemplated by the Resolutions</b>	<b>121,304,367</b>	<b>685,000</b>

Please refer to Section 8.11 below for a pro forma statement of financial position of the Consolidated Group as at 31 December 2019 prepared to show the impact of the proposed Acquisition, the Capital Raising and the conversion of the Accrued Remuneration Entitlements on the equity interests of the Company.

## 8.8 Recent issues of securities

The Company has not issued any securities during or after the six months preceding the announcement of the Acquisition.

Real Estate CRM has an issued share capital of 16,225,012 fully paid ordinary shares. For further information, please refer to Section 6.

## 8.9 Key dependencies for Real Estate CRM

The success of the Combined Group following implementation of the Proposed Transaction, is affected by and is dependent upon a range of factors, including:

- The ability to retain key customers, suppliers, and other key contractual relationships within the Combined Group;
- The long-term success of the Combined Group will depend, among other things, on the success of the Company's Board and senior management team in integrating the respective businesses;
- The Company's ability to remain productive, profitable, and competitive and to implement planned growth initiatives depends on its ability to attract and retain skilled workers; and
- There are a number of other businesses that provide products and services that compete with those provided by Real Estate CRM. The Combined Group's financial performance and overall success in the market rests upon the successful implementation of strategies to continue to successfully compete with other highly competitive businesses.

Other key risks and dependencies are set out in Section 9.

## 8.10 Company's post-combination intentions

This Section sets out the present intentions of the Company in relation to Real Estate CRM's businesses, assets, operations, and employees, in each case if the Acquisition is completed.

The intentions set out in this Section have been formed on the basis of facts and information concerning the Combined Group, its business, and the general business environment, which are known to the Company as at the date of this Explanatory Statement.

Final decisions regarding the matters set out below will only be made by the Company, following implementation of the Transaction after gaining a better understanding of Real Estate CRM's businesses and having regard to circumstances at the relevant time.

Accordingly, it is important to recognise that the statements set out in this Section are statements of current intentions only, which may change as new information becomes available or circumstances change.

### (a) General review of Commerce Australia and Vault Group businesses

If the Proposed Transaction is implemented, the Company intends to work quickly to integrate the businesses of Vault and Commerce Australia, whilst continuing to operate these businesses.

(b) **Business integration**

The Company is conducting a review of Real Estate CRM's operations and assets covering strategic, financial, and operational matters.

That review will continue after implementation of the Proposed Transaction and will enable the Company to identify areas in which the Combined Group's businesses may be enhanced.

While the Company does not have any specific intentions in relation to the outcomes of the review, it may identify areas to optimise savings and identify other opportunities to improve the Combined Group's businesses. In addition, the Company notes that the existing businesses of the Company and Real Estate CRM are complementary and share some common requirements in terms of operations.

Accordingly, it is expected that the process of integrating the three main underlying businesses will result in some changes to the Company's and Real Estate CRM's businesses, but the nature and extent of such changes will depend on the outcome of the review described above.

Other than as set out above, or elsewhere in this Explanatory Statement, the Company has no current intention to make major changes to the Real Estate CRM businesses. However, any final decisions in this regard will be made as part of the review referred to above.

(c) **Synergies**

Potential revenue and cost synergies may be captured over time from the integration of three separate PropTech businesses. However, any future synergies for the Combined Group are subject to the business review outlined in the previous section.

(d) **Employees**

The Company will evaluate the future staffing requirements of the Combined Group as part of the integration process.

Subject to the outcomes of that process and review, some staffing requirements in Real Estate CRM and the Company may change, be reduced or be increased, however the Company will endeavour to minimise any disruption to Real Estate CRM and its employees.

The Company believes that the Transaction should offer benefits for Real Estate CRM's employees by bringing together the businesses with the potential to create growth opportunities across the combined group.

## 8.11 **Key pro forma historical information for the Combined Group**

The pro forma historical financial information included in this Explanatory Statement is provided for illustrative purposes and, with the exception of matters noted in pro forma adjustments, has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards.

The pro forma historical financial information is presented in an abbreviated form and does not include all of the disclosures, statements and comparative information required by the Australian Accounting Standards as they are applicable to annual financial reports prepared in accordance with the Corporations Act.

Due to the nature of pro forma information, the pro forma historical financial information is not represented as being indicative of the future financial performance or future financial position.

### **Forecast financial information**

The Directors have given careful consideration as to whether or not a reasonable basis exists to prepare reliable and meaningful forecast financial information in relation to the Combined Group, other than the information about the Combined Group set out in this Explanatory Memorandum. The Board concluded that a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable to be of value to the Shareholders particularly having regard to the impact COVID-19 may have on the future financial position of the Combined Group following implementation of the Proposed Transaction.

### **Combined Group pro forma historical financial information:**

This section contains pro forma audited historical financial information relating to the Combined Group (**Combined Group Pro Forma Financial Information**). The information in this section

should be read in conjunction with other information set out elsewhere in this Explanatory Memorandum, including the risks in Section 9 and the Independent Expert's Report.

The pro forma historical financial information set out in this Section has been prepared from the following sources:

- (a) for the Company, the figures have been extracted from the audited consolidated statement of profit or loss for the twelve-month period ended 30 June 2018 and 30 June 2019 and the reviewed consolidated statement of profit or loss for the six month period ended 31 December 2019;
- (b) for Real Estate CRM, the figures have been extracted from the audited statement of profit or loss for each of Commerce Australia Pty Ltd, Complete Re Solutions Pty Ltd, Clientvault Pty Ltd and their respective subsidiaries and consolidated on a pro-forma basis, for the twelve month period ended 30 June 2018 and 30 June 2019 and the reviewed consolidated statement of profit or loss for the six month period ended 31 December 2019, (together, the **Combined Group pro forma statement of profit or loss**);
- (c) for the Company, figures derived from the reviewed consolidated balance sheet as at 31 December 2019; and
- (d) for Real Estate CRM, figures derived from the reviewed consolidated balance sheet as at 31 December 2019 for each of Commerce Australia Pty Ltd, Complete Re Solutions Pty Ltd, Clientvault Pty Ltd and their respective subsidiaries and consolidated on a pro-forma basis, (together the **Combined Group pro forma balance sheet**).

#### **Basis of preparation**

The Combined Group Financial Information has been prepared in accordance with recognition and measurement principles of Australian Accounting Standards, although it is presented in an abbreviated form insofar as it does not include all of the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The Combined Group Financial Information has been prepared for illustrative purposes only on the assumption that the Proposed Transaction and proposed funding structure was in place. This is not intended to reflect the financial position or performance that would have actually resulted had the Proposed Transaction been implemented on that date, or that may be reflected in the future.

If the Proposed Transaction had occurred in the past, the Combined Group financial position would likely to have been different from that presented in the Combined Group Financial Information. Due to the nature of pro forma information, it may not give a true picture of the Combined Group's actual financial position. The Combined Group Financial Information does not reflect the financial impact of:

- any potential changes in revenues, costs or other changes arising from the Proposed Transaction;
- the impact of finalising the fair value of intangible assets acquired or determining other fair value adjustments that may arise from the application of business combinations which may affect future depreciation and/or amortisation charges; or
- any associated taxation implications or the impact of changes in the tax profile of the Combined Group arising from the Proposed Transaction.

#### **Combined Group pro forma statement of profit or loss**

The summary pro forma statement of profit or loss was prepared based on the aggregation of the statutory income statement of the Company and the pro forma income statement of Real Estate CRM as described above. No synergies have been reflected in this P&L, and it is expected that any synergies will be captured over the next 12 to 24 months after completion of the Proposed Transaction.

## Combined Group pro forma statement of profit or loss

	Combined Group Pro-Forma P&L								
	REV	Real Estate CRM	CONSOL	REV	Real Estate CRM	CONSOL	REV	Real Estate CRM	CONSOL
	HY 2020	HY 2020	HY 2020	FY 2019	FY 2019	FY 2019	FY 2018	FY 2018	FY2018'
	A\$ '000's	A\$ '000's	A\$ '000's	A\$ '000's	A\$ '000's	A\$ '000's	A\$ '000's	A\$ '000's	A\$ '000's
Revenue	517	4,984	5,501	1,071	9,926	10,997	1,793	9,921	11,714
Other income	-	192	192	251	130	381	-	104	104
<b>Total revenue</b>	<b>517</b>	<b>5,176</b>	<b>5,693</b>	<b>1,322</b>	<b>10,056</b>	<b>11,378</b>	<b>1,793</b>	<b>10,025</b>	<b>11,818</b>
Operating expenses									
Commission	(9)	-	(9)	(16)	-	(16)	(91)	-	(91)
Data and production costs	(78)	(1,104)	(1,182)	(213)	(1,908)	(2,121)	(847)	(1,525)	(2,372)
Employee benefits expenses	(312)	(2,331)	(2,643)	(902)	(4,118)	(5,020)	(1,488)	(3,752)	(5,240)
Legal and professional fees	(291)	(2)	(293)	(293)	(2)	(295)	(211)	(3)	(214)
Marketing expenses	(38)	(12)	(50)	(99)	(20)	(119)	(177)	(6)	(183)
Occupancy expenses	(23)	(122)	(145)	(99)	(233)	(332)	(119)	(226)	(345)
General and administration expenses	(5)	(170)	(175)	-	(367)	(367)	(74)	(318)	(392)
Other expenses	(78)	(5)	(83)	(172)	(18)	(190)	(393)	(116)	(509)
<b>Total operating expenses</b>	<b>(834)</b>	<b>(3,746)</b>	<b>(4,580)</b>	<b>(1,794)</b>	<b>(6,666)</b>	<b>(8,460)</b>	<b>(3,400)</b>	<b>(5,946)</b>	<b>(9,346)</b>
<b>EBITDA</b>	<b>(317)</b>	<b>1,430</b>	<b>1,113</b>	<b>(472)</b>	<b>3,390</b>	<b>2,918</b>	<b>(1,607)</b>	<b>4,079</b>	<b>2,472</b>

The financial statements are presented on a pro forma normalised basis. The adjustments exclude any post-completion Purchase Price Accounting (PPA) adjustments, any potential write-down or impairments which may impact ongoing depreciation expense and synergies from the acquisitions.

## Combined Group pro forma balance sheet

Set out below is the Combined Group's pro forma balance sheet as at 31 December 2019.

The Acquisition is deemed to be a reverse takeover under the principles of AASB 3 "Business Combinations" since the substance of the transaction is that the existing shareholders of Real Estate CRM will overall have (on a collective basis) acquired control of the Company. As a result of the reverse acquisition, Real Estate CRM is, for accounting purposes, considered to be the acquirer and the Company is considered to be the acquiree. Therefore, the Financial Information has been prepared as a continuation of the financial statements of Real Estate CRM and the consideration for the transaction as reflected in the Combined Group pro forma balance sheet is calculated based on the notional Fair Value of shares that would need to be issued by Real Estate CRM to effect the same shareholding in the Combined Group.

REV – Combined Group Pro – Form Balance Sheet						
REV - Statutory	Real-Estate CRM - Pro forma	Conversion of KMP Debt (1)	Reverse Acquisition n Real Estate CRM/REV (2)	Consolidation (3)	Capital Raise	Total
A\$ '000's	A\$ '000's	A\$ '000's	A\$ '000's	A\$ '000's	A\$ '000's	A\$ '000's
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	352	1,439	-	-	9,471	11,262
Receivables	319	338	-	-	-	657
Prepayments	85	29	-	-	-	114
<b>Total current assets</b>	<b>756</b>	<b>1,806</b>	<b>-</b>	<b>-</b>	<b>9,471</b>	<b>12,033</b>
<b>Non-current assets</b>						
Deferred tax asset	-	521	-	-	-	521
Plant and equipment	4	2	-	-	-	6
Investments	-	-	-	2,800	(2,800)	-
Goodwill & Intangible assets	252	23,507	-	-	3,199	26,958
<b>Total non-current assets</b>	<b>256</b>	<b>24,030</b>	<b>-</b>	<b>2,800</b>	<b>399</b>	<b>27,485</b>
<b>Total assets</b>	<b>1,012</b>	<b>25,836</b>	<b>-</b>	<b>2,800</b>	<b>9,471</b>	<b>39,518</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables	1,331	157	(447)	-	-	1,041
Provision for employee entitlements	56	174	-	-	-	230
Deferred Revenue	-	267	-	-	-	267
Contingent Liability	-	7,000	-	-	-	7,000
Deferred Liability	-	2,000	-	-	-	2,000
<b>Total current liabilities</b>	<b>1,387</b>	<b>9,598</b>	<b>(447)</b>	<b>-</b>	<b>-</b>	<b>10,538</b>
<b>Non-current liabilities</b>						
Trade and other payables	24	-	-	-	-	24
Provision for employee entitlements	-	13	-	-	-	13
<b>Total non-current liabilities</b>	<b>24</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37</b>
<b>Total liabilities</b>	<b>1,411</b>	<b>9,611</b>	<b>(447)</b>	<b>-</b>	<b>-</b>	<b>10,575</b>
<b>Net assets</b>	<b>(399)</b>	<b>16,225</b>	<b>447</b>	<b>2,800</b>	<b>9,471</b>	<b>28,943</b>
<b>Equity</b>	<b>(399)</b>	<b>16,225</b>	<b>447</b>	<b>2,800</b>	<b>9,471</b>	<b>28,943</b>

The pro forma adjustments required to reflect the Combined Group's pro forma balance sheet as at 31 December 2019 include the following:

- the Accrued Remuneration Entitlements being converted into New Shares;
- Due to the Acquisition being deemed a reverse takeover according to accounting standard AASB 3 "Business Combinations" the applicable accounting treatment means that Real Estate CRM is considered to be the accounting acquirer and the Company is considered to be the accounting acquiree, therefore the Acquisition has been reflected in the Pro Forma Balance sheet as being calculated based on the notional Fair Value of shares that would need to be issued by Real Estate CRM to effect the same shareholding in the Combined Group;
- As a result, on consolidation Real Estate CRM is considered to be the accounting acquirer and the Company is considered to be the accounting acquiree, resulting in the deemed investment in the Company of \$2.8 million is eliminated on consolidation, which, after elimination of pre-acquisition equity and reserves of the Company, results in expected incremental goodwill amount of \$3.0 million. The actual value of goodwill

and intangible assets will be determined post Completion and will be based on the final combined value of the cash and share consideration; and

- (d) A Capital Raising of approximately \$10.6 million, less anticipated costs associated with the Re-compliance and Capital Raising of approximately \$1.2 million.

No adjustment has been made to reflect potential working capital and net debt adjustments at Completion as these are not expected to be material.

## 8.12 Proposed Budget and use of funds

As at 30 June 2020, the Company had cash reserves of approximately \$370,000 and Real Estate CRM had cash reserves of approximately \$2.4 million.

If the Acquisition is completed, the Company intends to combine its cash reserves with the cash reserves of Real Estate CRM up to completion of the Acquisition and the Capital Raising and intends to apply these funds plus any profits earned as follows:

Item	Proposed Capital Raising and Existing cash reserves <sup>10</sup>
Total Cash in Bank as at 30 June 2020 and following completion of the Capital Raising	13,342,321
Total Costs of the Proposed Transaction for the Company <sup>11</sup>	(1,079,167)
<b>Total Funds available after Capital Raising and transaction costs</b>	<b>12,263,154</b>

Use of Funds	
Repayment of KMP Debt	407,091
Deferred Consideration <sup>12</sup>	9,000,000
Growth Capital	2,856,063
<b>Total</b>	<b>12,263,154</b>

Estimated costs of the matters proposed in the Essential Resolutions, including the Capital Raising	
ASX/ASIC fees	109,167
Legal, accounting, and due diligence expenses	334,000
Capital raising fees	636,000
<b>Total</b>	<b>1,079,167</b>

The above tables are statements of current intentions as at the date of this Notice of Meeting. Intervening events may alter the way funds are ultimately applied by the Company and may alter the costs estimated above. The use of funds below is subject to confirmation and should be considered indicative only. A more detailed use of funds budget will be provided in the Prospectus.

<sup>10</sup> Comprising the amount proposed to be raised under the Capital Raising (namely \$10.6m), the Company's existing cash reserves of \$370,000 as at 30 June 2020, Real Estate CRM's cash reserve of \$2.4m as at 30 June 2020.

<sup>11</sup> Refer to the table below for the itemised costs of the matters proposed in the Essential Resolutions.

<sup>12</sup> In the event that any contingent consideration hurdles are not satisfied excess funds will be applied to growth capital



## 9 Risks

### 9.1 Introduction

This Section 9 describes a number of key risks associated with:

- implementation of the Resolutions;
- the operations of the Combined Group;
- REV Shares; and
- share ownership.

A significant number of these risks are, or will be, risks to which Existing Shareholders are already exposed. However, as the nature of the Combined Group's business will change from that of the standalone business of REV, Existing Shareholders will potentially be exposed to additional risks in respect of the Combined Group.

The information set out in this Section should be considered in conjunction with other information contained in this Explanatory Statement and is not, and should not be relied on as, an exhaustive list of the risks that Shareholders may face or to which they may be exposed.

These risks are general in nature and have been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any Shareholder or any other person. Shareholders should consult with their relevant professional advisers as to what risks may be relevant to their personal circumstances.

Additional risks and uncertainties that the Company and Real Estate CRM are currently unaware of, or that may currently be considered immaterial, may also become important factors that can adversely affect the Combined Group's operating and financial performance.

### 9.2 Specific risks relating to the Combined Group and its business

Shareholders should be aware that if the Acquisition is approved and completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from Real Estate CRM, parties contracted or associated with Real Estate CRM and the Acquisition and other agreements, including but not limited to, those summarised in this Explanatory Statement. The risks and uncertainties described below are not intended to be exhaustive. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers to be immaterial, which may affect the Company, Real Estate CRM, and their related entities.

Based on the information available, a non-exhaustive list of risk factors for the Company associated with the Company's proposal to acquire all of the Real Estate CRM shares are as follows:

Risk	Summary
<b>Company specific risks</b>	
Reinstatement to ASX's official list	<p>The Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company is required to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX.</p> <p>Trading in the Company's quoted Shares are currently suspended and will continue to be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3. It is anticipated that this will occur during October 2020. There is a risk that the Company will not be able to satisfy one or more of those requirements and that the quoted Securities may consequently remain suspended from quotation.</p>

COVID-19	<p>The outbreak of the novel coronavirus disease (<b>COVID-19</b>) is impacting global economic markets. The full nature and extent of the effect of the outbreak on the performance of the Combined Group remains unknown and the Company anticipates that the effect of COVID-19 on the Combined Group is also likely to be uncertain). Accordingly, the Company's share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further any governmental or industry measures taken in response to COVID-19 may adversely impact the Combined Group's operations and are likely to be beyond the control of the Combined Group.</p> <p>The Directors are monitoring the outbreak of COVID-19 closely and have considered the impact of COVID-19. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.</p>
Reliance on key personnel	<p>Real Estate CRM's success is dependent upon the retention of key personnel, in particular, its directors. In addition, the Company need to attract and retain highly skilled [software development engineers]. There is a risk that the Company may not be able to attract and retain key personnel or be able to find effective replacements for them in a timely manner.</p> <p>The Company intends to put in place systems and processes to mitigate the risk of losing key personnel. However, the loss of key personnel within the Company, or any delay in their replacement, could have a negative impact on the Company.</p>
Dilution risk and liquidity risk	<p>The Company currently has 233,205,108 Shares on issue (on a pre-Consolidation basis).</p> <p>On completion of the Acquisition, the Company proposes to issue the relevant number of Consideration Shares under the Acquisition and issue a minimum of Shares to raise \$10.6 million as part of the Capital Raising.</p> <p>On issue of the Consideration Shares under the Acquisition, the Shares under the Capital Raising, the Shares on conversion of part of the Accrued Remuneration Entitlements, the Existing Shareholders will retain approximately 11.55% of the issued capital of the Company, with the Sellers holding 53.50% .</p> <p>Accordingly, the Existing Shareholders interests in the Company will have been significantly diluted.</p> <p>There is also a risk that the interests of the Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the Real Estate CRM business.</p> <p>On completion of the Acquisition, the Company proposes to issue 64,900,048 Consideration Shares to the Sellers and 2,344,064 Shares on conversion of the Accrued Remuneration Entitlements (both on a post-Consolidation basis).</p> <p>A significant number of these securities are likely to be subject to escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules. This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.</p>
<b>Industry and Real Estate CRM specific risks</b>	
Uncertainty of future profitability	<p>Real Estate CRM's profitability will be impacted by its ability to successfully deliver a high level of service to customers, its ability to execute its development and growth strategies, economic conditions in the markets in which it operates, competitive factors and regulatory developments. Accordingly, the extent of future profits, if any, are uncertain. Moreover, the level of such profitability cannot be predicted.</p>
New market entrants and technology risk	<p>The emergence of new competitors in the market, or any technological developments providing an alternative to Real Estate CRM's product offerings could impact the market share that Real Estate CRM is able to acquire and cause downward price pressure on cloud based consumer software, services and analytics platforms, thus reducing Real Estate CRM's margins and revenue. Further, existing providers of similar consumer services may also respond aggressively to Real Estate CRM's market entry to retain or regain market share, which could also</p>

	impact Real Estate CRM's margins and revenue.
Failure to deal with growth	Real Estate CRM's business has the potential to grow rapidly. If that occurs and Real Estate CRM fails to properly manage that growth, then that failure could harm its business. Any failure to meet customer demand properly could adversely affect the business, including demand for Real Estate CRM's products/services, revenue collection, customer satisfaction and public perception.
Availability of IT staff in the market	Real Estate CRM is reliant upon employees with specialist IT skills in order to develop and maintain its projects. Any shortage of availability of these skills in the IT employment market could impair the development of Real Estate CRM's products and business and the rate of such development. Such shortage could also cause wage inflation, which may impact on Real Estate CRM's profitability.
Dependence on third party servers and products	<p>Part of the business model of the Company will be reliant upon leased third party servers and the performance of those servers. If servers upon which the technology of Real Estate CRM depends do not operate as expected, then the services that Real Estate CRM provides may be adversely affected.</p> <p>The majority of the Real Estate CRM Technology requires the use of Cloud or other similar online management devices and as such the business model of Real Estate CRM will be dependent upon the existence and ownership of these devices. There can be no guarantee that these devices will continue to be as widely used as they are currently or that they will not be replaced by alternative devices upon which Real Estate CRM's technology will not function as intended which could impact on the profitability of Real Estate CRM.</p>
Failure to retain and attract new customers	Real Estate CRM's ability to generate revenue and profit depends on the sales it makes on its platform, across its product offerings. As with any business there is a risk that Real Estate CRM's marketing strategies are not effective in generating the increased customer scale the Company is targeting.
Customer preferences may change	A significant proportion of Real Estate CRM's revenues are generated from the Real Estate CRM Technology which are subject to rapid and occasionally unpredictable changes in customer preferences. If Real Estate CRM misjudges customer preferences or fails to provide appealing product offerings when required, this may result in a decline in financial performance.
Failure to increase margins per customer	The Company's ability to increase profit relies on its ability to increase the margins per customer. Whilst the Company's technology allows it to increase these, there is a risk that customers will reject the increased margins and cease to be Real Estate CRM customers.
Increased investment of product development and support	There is a risk that maintaining and upgrading current products as well as new product development may lead to a higher than anticipated investment on IT development.
Reliance on core information technology and other systems	<p>The availability of Real Estate CRM's cloud platform is dependent upon the performance, reliability and availability of its IT and communication systems. This includes its core technologies such as computer services and back-end processing systems. These systems may be adversely affected by a number of factors including major events such as acts of terrorism or war, a breakdown in utilities such as electricity and fiber optic cabling and even pandemics. Events of that nature may cause one or more of those core technologies to become unavailable. There are also internal and external factors that may adversely affect those systems and technologies such as natural disasters, misuse by employees or contractors or other technical issues. Real Estate CRM's disaster recovery plans may not adequately address every potential event and its insurance policies may not cover loss or damage that Real Estate CRM suffers as a result of a system failure.</p> <p>The business is particularly reliant on the successful implementation and operation of its cloud technology. There is a risk that the Company may fail to build and maintain a platform that is suitable to the needs of its business as it expands into new product offerings.</p>

Security breaches and hacker attacks	A malicious attack on Real Estate CRM's systems, processes or people from external or internal sources could put the integrity and privacy of customers' data and business systems used by Real Estate CRM at risk. The impact of loss or leakage of customer or business data could include costs for rebates, potential service disruption, litigation, and brand damage resulting in reduced or failing revenues. Real Estate CRM follows best practice in relation to security policies, procedures, automated and manual protection, encryption systems and staff screening to mitigate this risk.
Customer service risk	Real Estate CRM's business model is based on recurring revenue arising from usage. Poor customer service experiences may result if Real Estate CRM loses key customer service personnel, fails to provide adequate training and resources for customer service personnel or there is a disruption to monitoring and account management systems by customer service personnel. Poor experiences may result in the loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of Real Estate CRM's products or services. If any of these occur, it may adversely impact Real Estate CRM's revenues.
Cessation of supply and service contracts	Real Estate CRM relies on relationships with key parties including Crown Casino. The non-performance or termination of contracts with any of these key parties could have a negative impact on the Company. Real Estate CRM will likely enter into further contracts, which will also be material to the Company's business.
Brand and reputation risks	The reputation and brand of Real Estate CRM and its individual products are important in attracting potential customers. Any reputational damage or negative publicity around Real Estate CRM or its products could adversely impact on Real Estate CRM's business.
Retention and recruitment of key personnel	<p>The emergence of Real Estate CRM and development of its products has been in a large part due to the talent, effort, experience and leadership of its management team. Real Estate CRM is substantially dependent on the continued service of its existing management team due to the complexity of its services and products. There is no assurance that Real Estate CRM will be able to retain the services of such persons.</p> <p>Furthermore, Real Estate CRM expects to grow its sales and marketing teams in both Australia and internationally. An inability to attract quality sales and marketing personnel may adversely impact on Real Estate CRM's growth plans.</p>
Infringement of third-party intellectual property rights	<p>If a third party accuses Real Estate CRM of infringing its intellectual property rights or if a third party commences litigation against Real Estate CRM for the infringement of patent or other intellectual property rights, Real Estate CRM may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, patent litigation is expensive. Costs that Real Estate CRM incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time.</p> <p>In addition, parties making claims against Real Estate CRM may be able to obtain injunctive or other equitable relief that could prevent Real Estate CRM from further developing its products. In the event of a successful claim of infringement against Real Estate CRM, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, if at all, it could encounter delays in product introductions and loss of substantial resources while it attempts to develop alternative products. Defense of any lawsuit or failure to obtain any of these licenses could prevent Real Estate CRM commercializing available products and could cause it to incur substantial expenditure.</p>
Regulation	Any increased regulation in data protection, privacy, information, security and intellectual property rights may increase the cost of providing services or the quality of services provided by the Company which may adversely impact the profitability of the Company.

General risks	
Management of growth	There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Acquisition. The capacity of the new management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.
Acquisitions	As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to its businesses. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.
Regulatory risk	Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may also have a material adverse effect on Real Estate CRM's financial performance, financial position and cash flows.
Financial volatility market	A fall in global or Australian equity markets, global or Australian bond markets or a rapid change in the value of the Australian dollar against other major currencies may discourage investors from moving money into or out of equity markets. This may have a negative effect on Share prices.
Additional requirements for capital	<p>The funds to be raised under the Capital Raising are considered sufficient to meet the immediate objectives of Real Estate CRM. Additional funding may be required in the event that costs exceed Real Estate CRM's estimates and to effectively implement its business and operations plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which Real Estate CRM may incur. If such events occur, additional funding will be required.</p> <p>Following the Acquisition, the Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for Real Estate CRM's activities and future projects may result in delay and indefinite postponement of their activities and potential development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favorable to the Company and Real Estate CRM and might involve substantial dilution to Shareholders.</p>
Economic and political risks	Changes in the general economic and political climate in Australia, New Zealand and the United Kingdom and on a global basis may impact on economic growth, interest rates, the rate of inflation, taxation and tariff laws and domestic security which may affect the value and viability of any operations that may be conducted by the Company.
Competition risk	Post-Acquisition, the industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

Insurance risks	Insurance against all risks associated with the Company's activities is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs. However, it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.
Market conditions	<p>Share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"><li>• general economic outlook;</li><li>• interest rates and inflation rates;</li><li>• currency fluctuations;</li><li>• commodity price fluctuations;</li><li>• changes in investor sentiment toward particular market sectors;</li><li>• the demand for, and supply of, capital; and</li><li>• terrorism and other hostilities.</li></ul>

## 10 Resolution 1 – Approval to change the nature and scale of activities

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### 10.1 Overview

Resolution 1 seeks approval from Shareholders for a change in the nature and scale of the activities of the Company via the 100% acquisition of Real Estate CRM for the purposes of Listing Rule 11.1.2.

If Resolution 1 is passed (along with the other Essential Resolutions) the Company will (subject to completion of the Capital Raising and other conditions set out in Section 21.8) be able to proceed with the Acquisition. The Acquisition will change the focus of the Company's activities to the provision of real estate agency software, including a CRM and PM system to real estate offices across Australia, New Zealand, and the United Kingdom.

If Resolution 1 (along with the other Essential Resolutions) is not passed, the Company intends to proceed in the manner set out in Section 4.11 above.

Additionally, Resolution 1 seeks approval to issue Shares upon Re-compliance at an issue price of not less than \$0.20 (20 cents) per Share.

An indicative timetable for the Proposed Transaction has been included in section 4.14 of this Explanatory Statement.

A detailed description of the Acquisition, including details of the material terms of the Acquisition and the underlying businesses of Real Estate CRM and its Subsidiaries, is outlined in section 1 of this Explanatory Statement.

***Shareholders should consider all of the information contained in this Explanatory Statement before making a decision as to whether to vote in favour of the change in nature and scale of the Company's activities. In particular Shareholders should carefully consider the advantages, disadvantages and risks of the Acquisition set out in sections 5 and 9.***

Resolution 1 is conditional on the Shareholders approving all the Essential Resolutions.

### 10.2 Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities it must provide full details to the ASX as soon as practicable (and before making the change) and comply with the following:

- (a) provide to the ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if the ASX requires, obtain the approval of holders of its ordinary securities and comply with any requirements of the ASX in relation to the notice of meeting;
- (c) if the ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the official list of the ASX; and
- (d) the Notice of Meeting must include a voting exclusion statement.

The ASX has indicated to the Company that the significant change in the nature and scale of the Company's activities as a result of the Acquisition:

- (a) will require the Company, in accordance with ASX Listing Rule 11.1.2, to obtain Shareholder approval and to comply with the requirements of the ASX in relation to the Notice of Meeting; and
- (e) is a back-door listing of Real Estate CRM which requires the Company to, in accordance with ASX Listing Rule 11.1.3, re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules (including any ASX requirement to treat the Company's securities as Restricted Securities).

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.2 and pursuant to ASX Listing Rule 11.1.3, is working to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Details of the Real Estate CRM Shares to be acquired by the Company and the proposed changes to the structure and operations of the Company in connection with the Proposed Transaction are set out throughout this Explanatory Statement.

### 10.3 Guidance Note 12

Shares in the Company have been suspended from trading on ASX since 3 March 2020 and will not be reinstated until approval by ASX of the Company's application for reinstatement to quotation of shares in the Company on ASX based on the Company satisfying Chapters 1 and 2 of the ASX Listing Rules (**Re-compliance Application**).

The principal requirements of Chapters 1 and 2 of the Listing Rules include compliance with the following requirements:

- (a) the Company satisfies the ASX that its structure and operations are appropriate for a listed company;
- (b) the Company prepares and issues a prospectus in accordance with the provisions of the Corporations Act;
- (c) the Company has a free float of not less than 20% (at least 20% of the shares are held by persons who are not related to directors or substantial shareholders and not subject to escrow restrictions);
- (d) the Company has obtained the requisite shareholder spread of 300 non-affiliated shareholders (each holding a marketable parcel of \$2,000 worth of shares);
- (e) subject to any exemptions granted by ASX, any new share issues are made at a minimum price of \$0.20 per Share and any options on issue have an exercise price of no less than \$0.20 per option;
- (f) the Company satisfies the ASX Listing Rules test in relation to its asset value;
- (g) the Company complies with Chapter 9 of the ASX Listing Rules in relation to any "restricted securities" it has on issue or is proposing to issue; and
- (h) the Company satisfies the ASX that each Director or proposed director of the Company is of good fame and character.

Shareholders should be aware that Shares will remain suspended by the ASX until the Company has acquired Real Estate CRM and ASX is satisfied that the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement. It is the Company's intention to meet these requirements as soon as practicable.

### 10.4 Directors' interests

The interests of the Directors are detailed in Section 21 of the Notice of Meeting.

### 10.5 Directors recommendations

A Directors recommendation statement is contained in Section 21 of the Notice of Meeting.

### 10.6 Voting requirements

Resolution 1 of the General Meeting is an ordinary resolution and so requires the approval of more than 50% of the votes cast by Shareholders.

A voting exclusion statement is contained after the Resolution. Votes cast by Shareholders contrary to the voting exclusion statement will be disregarded.



## 11 Resolution 2 – Approval of the Consolidation of the Company's issued capital

### 11.1 Overview

Resolution 2 seeks Shareholder approval to consolidate the number of Shares and Options on a one (1) for (20) basis (**Consolidation**).

The Consolidation is a requirement in order for the Company to re-comply with ASX Listing Rules 1 and 2 (which as set out in section 2.2 above, is necessary in order for the Acquisition to proceed).

The Directors intend to implement the Consolidation immediately prior to completion under the Acquisition and prior to the proposed issue of Consideration Shares pursuant to the Essential Resolutions.

Resolution 2 and the Consolidation are conditional on the Shareholders approving all of the Essential Resolutions.

### 11.2 Regulatory requirements

#### Section 254H(1) of the Corporations Act:

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

#### Listing Rule 7.20:

Listing Rule 7.20 requires that the following information be provided to Shareholders where there is to be a reorganisation of securities:

Rule	Detail
Rule 7.20.1: The effect of the consolidation on the number of securities and the amount unpaid (if any) on the securities:	<p>The existing issued share capital of the Company, being 233,205,108 Shares, will be consolidated at the ratio of 20 Shares to equal 1 post-Consolidation Share.</p> <p>There are no Shares in respect of which an amount is unpaid.</p> <p>The final number of Shares after Consolidation will be approximately 11,660,255 Shares (subject to rounding). This does not include the issue of the Shares under the Capital Raising or under the other Resolutions the subject of the Notice of Meeting, all of which will be issued post Consolidation.</p>
Rule 7.20.2: The proposed treatment of any fractional entitlements arising from the reorganization:	Details are provided in section 11.4 below.
Rule 7.20.3: The proposed treatment of any convertible securities on issue:	<p>The existing Options on issue, being 13,700,000 Options, will be consolidated at the ratio of 20 Options to equal 1 post-consolidation Option.</p> <p>The final number of Options after Consolidation will be approximately 685,000 Options (subject to rounding).</p>

### 11.3 Effect of the Consolidation

#### General

The estimated effect which the Consolidation will have on the capital structure of the Company is set out in the tables in section 4.6 and 8.7.

#### Shares

If Resolution 2 is approved, every 20 Shares on issue will be consolidated into one (1) Share (subject to rounding). Overall, this will result in the number of Shares on issue reducing from 233,205,108 to approximately 11,660,255 (subject to rounding).

As the Consolidation applies equally to all Shareholders, individual Shareholdings will be reduced in the same ratio as the total number of Shares (subject to rounding). Accordingly, assuming no other

market movements or impacts occur, the Consolidation will have no effect on the percentage interest in the Company of each Shareholder.

The Consolidation will not result in any change to the substantive rights and obligations of Existing Shareholders.

### Options

If Resolution 2 is approved, every twenty (20) Options on issue will be consolidated into one (1) Option (subject to rounding) and their exercise price amended in an inverse proportion to that consolidation ratio. Overall, this will result in the number of Options on issue reducing from 13,700,000 to approximately 685,000 (subject to rounding).

Other than the number of Options and corresponding exercise price of the Options, there are no other changes to the terms of the Options. In all other respects, the terms of the Options are confirmed and remain in full force and effect.

Accordingly, the existing Options will be consolidated on the following basis:

Pre-Consolidation			Post-Consolidation		
Number of Options	Expiry Date	Exercise Price	Number of Options	Expiry date	Exercise Price
1,000,000	December 2020	\$0.20	50,000	December 2020	\$4.00
700,000	April '21	\$0.20	35,000	27 April '21	\$4.00
4,000,000	Nov. '23	\$0.015	200,000	Nov. '23	\$0.30
4,000,000	Jan. '23	\$0.015	200,000	Nov. '23	\$0.30
4,000,000	Jan. '21	\$0.015	200,000	Nov. '23	\$0.30

### 11.4 Fractional entitlements

Not all Shareholders will hold that number of Shares which can be evenly divided by 20. Where the Consolidation results in an entitlement to a fraction of a Share that fraction will be rounded up to the nearest whole number of Shares.

### 11.5 Taxation

It is not considered that any taxation implications will exist for Shareholders or Optionholders arising from the Consolidation. However, Shareholders are advised to seek their own tax advice on the effect of the Consolidation and the Company, the Directors and their advisors do not accept any responsibility for the individual taxation implications arising from the Consolidation or the other Essential Resolutions.

### 11.6 Holding statements

From the date of the Consolidation, all holding statements for previously quoted Shares will cease to have any effect as evidence of entitlement to a certain number of Shares on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares proposed to be quoted to be issued to holders of those Shares together with new certificates for Options.

It is the responsibility of each Shareholder to check the number of Shares and Options held prior to disposal or exercise (as the case may be).

### 11.7 Indicative timetable

If Resolution 2 and all other Essential Resolutions are passed, the Consolidation of capital is proposed to take effect pursuant to the timetable in section 4.14 of this Explanatory Statement in accordance with the timetable as set out in Appendix 7A (section 8) of the ASX Listing Rules.

### 11.8 Directors' interests

A Directors interest statement is contained in Section 21 of the Notice of Meeting.

## **11.9 Directors recommendations**

A Directors recommendation statement is contained in Section 21 of the Notice of Meeting.

## **11.10 Voting requirements**

Resolution 2 is an ordinary resolution and so requires the approval of more than 50% of the votes cast by Shareholders.

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## 12 Resolution 3 – Approval of the issue of Consideration Shares to Sellers

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### 12.1 Overview

Resolution 3 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1, for the Company to issue 64,900,048 Consideration Shares (on a post-Consolidation basis) to the Sellers on Completion of the Acquisition.

The Consideration Shares proposed to be issued to Sellers under Resolution 3 will be issued under the Prospectus.

Resolution 3 and the Consolidation are conditional on the Shareholders approving all of the Essential Resolutions.

### 12.2 ASX Listing Rule 7.1 and 7.2

#### ASX Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of Consideration Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Shareholders under Listing Rule 7.1.

Resolution 3 seeks the required shareholder approval to the issue of Consideration Shares under and for the purposes of Listing Rule 7.1.

If Resolution 3 is passed, the Company will (subject to the passing of the other Essential Resolutions and subject to the various conditions of the Acquisition, including the Capital Raising and the Re-compliance) be able to proceed with the issue of the Consideration Shares and proceed with the Acquisition. Note that the Existing Shareholders' holdings in the Company will be diluted following the issue of Consideration Shares and then further diluted by the issue of Shares in connection with the Proposed Transaction, including under the Capital Raising. In addition, the Consideration Shares to be issued will be excluded from the calculation of the number of equity securities that the Company can subsequently issue without shareholder approval under Listing Rule 7.1.

If Resolution 3 (or any of the other Essential Resolutions) is not approved at the General Meeting or the Proposed Transaction does not occur in accordance with its terms (including the approval of ASX for reinstatement of the Company's securities to quotation), the Acquisition will not complete, the Company will not issue the Consideration Shares contemplated in the Resolutions and the Capital Raising will not occur.

In that event, the Company would have to pursue another method of addressing its debt and cash flow challenges without the significant benefits and other synergies that are expected to be achieved through the Proposed Transaction.

Absent the Proposed Transaction, there is uncertainty as to whether the Company would be able to generate sufficient sustainable cash flows to meet its short-term operating requirements, let alone grow and expand its existing business. If the Proposed Transaction does not proceed, the Directors would need to give due consideration as to the feasibility and viability of recommencing trading and may need to explore a divestment and/or asset sale. In addition, if the Company cannot acquire a new business or project quickly, the ASX may continue to suspend the quotation of Shares on the ASX until such time as an alternative business is identified.

Further, it is likely that Real Estate CRM will otherwise likely seek a listing on ASX in its own right. Existing Shareholders would not necessarily have an opportunity to participate in any capital raising conducted by Real Estate CRM in that scenario.

#### Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Consideration Shares to be issued to the Sellers:

Requirement	Detail
Maximum number of securities	51,455,824 Consideration Shares. This excludes the Consideration Shares to be issued to the Related Party Sellers under Resolutions 4, 5 and 6.
The date by which the securities will be issued	The Consideration Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
The issue price	The issue price will be for no cash consideration, as they are being issued as consideration for the Acquisition.
The names of the persons to whom the Company will issue the securities	The Consideration Shares will be issued to the Sellers as detailed in <b>Schedule 1</b> .
The terms of the securities	The Consideration Shares are on the same terms as ordinary fully paid Shares on issue in the Company.
The purpose of the issue and the intended use of the funds raised	The Consideration Shares will be issued as part of the consideration for the Company's Acquisition of Real Estate CRM and as such no funds will be raised from the issue.
Voting exclusion statement	A voting exclusion statement is contained in Resolution 3.

### 12.3 Restrictions from trading

In accordance with Appendix 9B of the ASX Listing Rules, certain of the Consideration Shares issued under Resolution 3 will be classified by the ASX as "Restricted Securities" and unable to be traded for a period of:

- (a) 12-month post issue; or
- (b) 24 months from the date of the Company's re-quotation on the ASX.

The Company intends to apply to ASX for the exercise of its discretion to apply look through relief such that some of the Consideration Shares will be subject to a lower restriction threshold based on the cash formula provisions in Appendix 9B however there can be no assurance that any such relief will be forthcoming.

### 12.4 Directors' interests

A Directors interest statement is contained in Section 21 of the Notice of Meeting.

### 12.5 Directors recommendations

A Directors recommendation statement is contained in Section 21 of the Notice of Meeting.

### 12.6 Voting requirements

Resolution 3 of the General Meeting is an ordinary resolution and so requires the approval of more than 50% of the votes cast by Shareholders.

## 13 Resolutions 4, 5 and 6 – Approval of the issue of Consideration Shares to Related Party Sellers

### 13.1 Introduction

A summary of the Acquisition is set out in Sections 4 and 21.8.

Resolution 3 seeks Shareholder approval for the Acquisition including approval for the issue of up to 51,455,824 Consideration Shares (on a post-Consolidation basis) to those Real Estate CRM Shareholders who are not related parties of the Company (**Unrelated Sellers**) in consideration for the acquisition of the Real Estate CRM Shares held by those parties at Completion.

Resolutions 4, 5 and 6 seek Shareholder approval for the issue of (collectively) up to a further 13,444,224 Consideration Shares (on a post-Consolidation basis) to the Related Party Sellers, being Simon Baker, Atherley Investments Pty Ltd (an entity controlled by Director, Mr. Joe Hanna) and Sam Plowman (collectively, **Related Party Seller Consideration Shares**) in consideration for the acquisition of the Real Estate CRM Shares held by the Related Party Sellers at Completion (**Related Party Share Acquisitions**). The Related Party Sellers will sell their Real Estate CRM Shares to the Company on the same terms and conditions as the Unrelated Sellers.

The Shares will be issued as consideration for the purchase of the Related Party Sellers' Real Estate CRM Shares as follows:

Participating Director	Number of Real Estate CRM Shares	Entitlement to Consideration Shares
Simon Baker	1,500,000	6,000,000
Joe Hanna (Atherley Investments Pty Ltd)	500,000	2,000,000
Sam Plowman	1,361,056	5,444,824
<b>TOTAL</b>	<b>3,361,056</b>	<b>13,444,224</b>

Resolutions 4, 5 and 6 are ordinary resolutions and are conditional on the Shareholders approving all of the Essential Resolutions.

### 13.2 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, amongst other persons, a related party of the entity or a substantial shareholder of the entity.

#### Acquisition by the Company

Completion of the Related Party Share Acquisitions will result in an acquisition by the Company.

#### Substantial asset

For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

The equity interests of the Company as defined by the ASX Listing Rules and as set out in the latest accounts given to ASX under the ASX Listing Rules (being for 31 December 2019) were - \$(399,062). 5% of this amount is \$(19,953).

As the value of the consideration for each Related Party Share Acquisition is more than 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the ASX Listing Rules, the completion of each of the Related Party Acquisitions will result in the acquisition of a substantial asset.

## Related Party

For the purposes of ASX Listing Rule 10.1, a related party of an entity includes, amongst other persons, directors of a public company.

Each of the Related Party Sellers are related parties of the Company by virtue of being directors. Atherley Investments Pty Ltd is also a related party of the Company, by virtue of being an entity owned and controlled by Mr. Joe Hanna, one of the Related Party Sellers.

## Substantial shareholder

For the purposes of ASX Listing Rule 10.1, a substantial shareholder is a person who has a relevant interest (either directly or through its associates), or had at any time in the 6 months before the transaction, in at least 10% of the total votes attaching to the voting securities.

Each of Mr. Joe Hanna and Simon Baker by virtue of their relevant interest in 11.3% and 33.7% respectively of the voting Shares of the Company is a substantial holder of the Company for the purposes of ASX Listing Rule 10.1.

## Requirement for Shareholder Approval

Accordingly, the completion of the Related Party Share Acquisitions will result in the acquisition of a substantial asset from related parties and substantial holders of the Company and the Company is therefore required to seek Shareholder approval under ASX Listing Rule 10.1.

### 13.3 Independent Expert's Report

ASX Listing Rule 10.10.2 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert.

The Independent Expert's Report set out in Annexure A sets out a detailed independent examination of the transaction the subject of Resolutions 4,5 and 6 to enable non-associated Shareholders to assess the merits and decide whether to approve Resolutions 4,5 and 6. The Independent Expert has concluded that the transactions the subject of Resolutions 4, 5 and 6 is fair and reasonable to the non-associated Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

The Independent Expert's Report is also available on the Company's website at [www.rei-group.com.au](http://www.rei-group.com.au). If requested by a Shareholder, the Company will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

### 13.4 Other Specific Information required by Listing Rule 10.5

Requirement	Detail
The name of the person from whom the Company is acquiring the substantial asset and details of the asset being acquired	<b>Resolution 4: Simon Baker</b> The Company is acquiring 1,500,000 Real Estate CRM shares from Mr. Baker. <b>Resolution 5: Atherley Investments Pty Ltd</b> The Company is acquiring 500,000 Real Estate CRM Shares from Atherley Investments Pty Ltd (a company owned and controlled by Mr. Hanna). <b>Resolution 6: Sam Plowman.</b> The Company is acquiring 1,361,056 Real Estate CRM Shares from Mr. Plowman.
The category in rules 10.1.1 – 10.1.5 the person falls within and why	<b>Resolution 4: Simon Baker</b> Category 10.1.1 and 10.1.3 – as Mr. Baker is both a related party and a substantial holder in the Company <b>Resolution 5: Atherley Investments Pty Ltd</b> Category 10.1.1 and 10.1.3 – as Mr. Hanna and Atherley Investments are both related parties and a substantial holder in the

	<p>Company</p> <p><b>Resolution 6: Sam Plowman.</b></p> <p>Category 10.1.1 as Mr. Plowman is a related party of the Company</p>
Consideration for the acquisition	<p>The issue of a total of 13,444,224 Related Party Seller Consideration Shares as follows:</p> <p><b>Resolution 4: Simon Baker</b></p> <p>The issue of 6,000,000 Related Party Seller Consideration Shares</p> <p><b>Resolution 5: Atherley Investments Pty Ltd</b></p> <p>The issue of 2,000,000 Related Party Seller Consideration Shares</p> <p><b>Resolution 6: Sam Plowman</b></p> <p>The issue of 5,444,824 Related Party Seller Consideration Shares</p> <p>There is no cash consideration being provided for the acquisition of the Real Estate CRM Shares</p>
The timetable for completing the Acquisition	The timetable for completion of the Acquisition is set out in Section 4.14.
A summary of the terms of the agreement for the acquisition of the substantial asset	A summary of the terms of the Implementation Deed are set out in Section 21.8.
Voting exclusion statement	A voting exclusion statement is contained in each of Resolutions 4, 5 and 6.

### 13.5 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the proposed issue of the Consideration Shares to the Related Party Sellers involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies.

It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### 13.6 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 4 – 6:

Listing Rule 10.13 requirement	Information
The name of the person:	Related Party Seller Consideration Shares (being ordinary fully paid shares in the capital of the Company) by way of Resolutions 4-6 (inclusive)) are being issued to Directors Simon Baker and Sam Plowman and also to Atherley Investments Pty Ltd a company owned and controlled by Director Joe Hanna.
The category in rules 10.1.1 – 10.1.5 the person falls within and why	<p><b>Resolution 4: Simon Baker</b></p> <p>Category 10.1.1 and 10.1.3 – Mr. Baker is both a related party and a substantial holder in the Company for the reasons set out in 13.2 above.</p> <p><b>Resolution 5: Atherley Investments Pty Ltd</b></p> <p>Category 10.1.1 and 10.1.3 – Mr. Hanna and Atherley Investments are both related parties and substantial holders in the Company for the reasons set out in 13.2 above.</p> <p><b>Resolution 6: Sam Plowman.</b></p> <p>Category 10.1.1 – Mr. Plowman is a related party of the Company for the reasons set out in 13.2 above.</p>



The number and class of securities to be issued:	<p>The Related Party Seller Consideration Shares issued to the Related Party Sellers will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares other than for escrow imposed in accordance with the ASX Listing Rules.</p> <p>The number of Consideration Shares to be issued is as follows:</p> <table> <tr> <th>Name</th><th>New Shares to be issued (on a Post Consolidation basis)</th></tr> <tr> <td>Simon Baker</td><td>6,000,000</td></tr> <tr> <td>Atherley Investments Pty Ltd</td><td>2,000,000</td></tr> <tr> <td>Sam Plowman</td><td>5,444,824</td></tr> </table>	Name	New Shares to be issued (on a Post Consolidation basis)	Simon Baker	6,000,000	Atherley Investments Pty Ltd	2,000,000	Sam Plowman	5,444,824
Name	New Shares to be issued (on a Post Consolidation basis)								
Simon Baker	6,000,000								
Atherley Investments Pty Ltd	2,000,000								
Sam Plowman	5,444,824								
The date by which the securities will be issued:	The Related Party Seller Consideration Shares will be issued at the same time as Unrelated Seller Consideration Shares but in any event no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);								
The issue price:	The Related Party Seller Consideration Shares will be issued for nil cash consideration as they will be issued as consideration for the Related Party Share Acquisitions.								
Purpose of the issue	The Related Party Seller Consideration Shares are being issued solely as consideration for the acquisition of the Real Estate CRM Shares held by each of the Related Party Sellers.								
Summary of material terms of the Agreement	A summary of the terms of the Implementation Deed are set out in Section 21.8.								
Voting Exclusion Statement	A voting exclusion statement is contained after the Resolutions 4-6 (inclusive). Votes cast by Shareholders contrary to the voting exclusion statement will be disregarded								

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Related Party Seller Consideration Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Related Party Seller Consideration Shares will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

### 13.7 Section 208 of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in section 201 to 216.

The issue of the Related Party Seller Consideration Shares in respect of the Related Party Share Acquisitions constitutes the giving of a financial benefit and each of the Related Party Sellers are related parties by virtue of being directors. Atherley Investments Pty Ltd is also a related party of the Company, by virtue of being an entity controlled by Mr. Joe Hanna, a director of the Company.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Related Party Seller Consideration Shares because the Implementation Deed was negotiated on an arms' length basis and the Related Party Sellers will receive consideration on the same basis as the Unrelated Sellers.

## 14 Resolution 7 – Approval of the issue of Shares pursuant to the Capital Raising

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### 14.1 Overview

As detailed in section 4.5, the Company proposes to issue 42,400,000 Shares at an issue price of \$0.25 (25 cents) per New Share, on a post-Consolidation basis, to raise an amount of \$10.6 million (**Capital Raising**). Resolution 7 seeks Shareholder approval for the Capital Raising.

The Capital Raising will be undertaken via the issue of a prospectus (**Prospectus**) to assist in complying with Chapters 1 and 2 of the ASX Listing Rules which is required to obtain reinstatement of its Securities to trading on the Official List of ASX on completion of the Proposed Acquisition.

The Capital Raising is intended to be comprised both retail and institutional components with Shareholders registered at 7:00pm on 28 August 2020 with a registered address in Australia (**Priority Shareholders**) eligible to receive a priority allocation out of an aggregate of 42,400,000 Shares to be issued under the Capital Raising. It is intended that the priority allocation of the Capital Raising will be at least 10% of the offer. It is also intended that Priority Shareholders with less than 8,000 Shares will be able to apply for that number of additional Shares to result in an aggregate of 8,000 Shares being held when combined with their existing holding. Priority Shareholders will otherwise be limited to be issued the higher of 5% of the Shares being offered under the priority component of the Capital Raising and the number the Priority Shareholder would be entitled to under a pro rata issue of all those Shares.

The Company has engaged the Lead Manager to manage the Capital Raising. The Company will pay to the Lead Manager a commission of 6% (exclusive of goods and services tax) of amounts subscribed under the Capital Raising.

Further details of the Capital Raising will be set out in the Prospectus to be lodged with the ASIC in due course. A copy of the Prospectus, together with an application form will be sent to Priority Shareholders who wish to apply for Shares under the Capital Raising.

The amount to be raised under the Capital Raising will be \$10.6 million.

It is noted that the Shares the subject of the Capital Raising will only be issued if:

- Shareholders pass all of the Essential Resolutions;
- At least \$10.6 million is raised;
- the issue occurs contemporaneously with Completion; and
- the Company has received conditional approval from ASX for the Company to be reinstated to official quotation on ASX following the Company's compliance with ASX Listing Rule 11.1.3 and Chapters 1 and 2 of the ASX Listing Rules on conditions acceptable to the Company and Real Estate CRM, each acting reasonably.

Resolution 7 is conditional on the Shareholders approving all of the Essential Resolutions.

### 14.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period (**15% Placement Capacity**).

The effect of Resolution 7 will be to allow the Company to issue up to 42,400,000 Shares pursuant to the Capital Raising during the period of 3 months after the General Meeting (or a longer period if allowed by the ASX), without using the Company's 15% Placement Capacity under ASX Listing Rule 7.1.

### 14.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

Information	Detail
Maximum number of securities	The maximum number of Shares to be issued under Resolution 7 is 42,400,000 Shares (on a post-Consolidation basis). Where Shares are issued pursuant to Resolutions 8 to 11 the maximum number of New Shares issued under Resolution 7 will be reduced accordingly so that the maximum aggregate number of New Shares issued under all of Resolutions 7 to 11 is 42,400,000.
The date by which the securities will be issued	The Shares the subject of Resolution 7 will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
The issue price	The issue price will be \$0.25 per Share.
The names of the persons to whom the Company will issue the securities	The Shares will be issued to applicants under the Prospectus, including Priority Shareholders and the general public at the Board's discretion.  These persons will not be related parties of the Company other than those parties for which separate Shareholder approval is being sought under Resolutions 8 to 11.
The terms of the securities	The Company will apply to the ASX to have the New Shares issued pursuant to the Capital Raising officially quoted and these Shares will rank equally with all the other Shares on issue. In all other respects the rights and entitlements of the holders in respect of the New Shares issued pursuant to the Prospectus will be identical to the rights and entitlements of the existing holders of issued Shares.
The intended use of the funds raised	The Company intends to use the funds raised from the New Shares issued under the Capital Raising in the manner outlined in section 8.12.
Summary of material terms of the Agreement	A summary of the terms of the Implementation Deed are set out in Section 21.8.
Information about the Acquisition	The New Shares the subject of Resolution 7 are being issued in connection with the Acquisition. Details of the Acquisition are set out in Section 4 and elsewhere in this Explanatory Statement
Voting exclusion statement	A voting exclusion statement is contained in Resolution 7.

#### 14.4 Directors' interests

A Directors interest statement is contained in Section 21.

#### 14.5 Directors recommendations

A Directors recommendation statement is contained in Section 21.

#### 14.6 Voting requirements

Resolution 7 is an ordinary resolution and so requires the approval of more than 50% of the votes cast by Shareholders.

## 15 Resolutions 8-11 – Approval of the issue of Shares to Participating Directors – proposed participation in Capital Raising

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### 15.1 Overview

As detailed in section 14, the Company proposes under the Capital Raising to issue a maximum of 42,400,000 Shares (on a post-Consolidation basis) at an issue price of \$0.25 (25 cents) per Share pursuant to the Prospectus to raise a maximum amount of \$10.6 million.

Current Directors Simon Baker, Joe Hanna, Sam Plowman and Georg Chmiel (together, **Participating Directors**) each wish to participate in the Capital Raising on the same terms as other investors. Shareholder approval is being sought in Resolutions 8 to 11.

Resolution 8 seeks Shareholder approval for the in the issue of up to 400,000 Shares to Simon Baker (or his nominee) arising from the participation by Mr. Baker in the Capital Raising; Resolution 9 seeks Shareholder approval for the in the issue of up to 200,000 Shares to Joe Hanna (or his nominee) arising from the participation by Mr. Hanna in the Capital Raising; Resolution 10 seeks Shareholder approval for the issue of up to 200,000 Shares to Sam Plowman (or his nominee) arising from the participation by Mr. Plowman in the Capital Raising; Resolution 11 seeks Shareholder approval for the in the issue of up to 300,000 Shares to Georg Chmiel (or his nominee) arising from the participation by Mr. Chmiel in the Capital Raising (together, the **Participation**).

Resolutions 8 to 11 are each conditional on the Shareholders approving all of the Essential Resolutions.

### 15.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Shares which constitutes giving a financial benefit and each of the Participating Directors are related parties of the Company by virtue of being Directors.

The Directors (other than Simon Baker who has a material personal interest in Resolution 8, Joe Hanna who has a material personal interest in Resolution 9, Sam Plowman who has a material personal interest in Resolution 10 and Georg Chmiel who has a material personal interest in Resolution 11 consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to the Directors on the same terms as New Shares issued to non-related party participants in the Capital Raising and as such the giving of the financial benefit is on arm's length terms.

### 15.3 ASX Listing Rule 7.1

As approval for the issue of the 'equity securities' (being the Shares) to the Participating Directors (or their nominees) is being sought under ASX Listing Rule 10.11, approval is not also required under Listing Rule 7.1.

### 15.4 ASX Listing Rule 10.11

As the participation in the Capital Raising involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

## 15.5 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the participation of the Participating Directors under the Capital Raising:

Information	Detail
Maximum number of Shares to be issued	The maximum number of Shares to be issued is: <ul style="list-style-type: none"><li>• Up to 400,000 Shares will be issued to Mr. Simon Baker or his nominee pursuant to Resolution 8;</li><li>• Up to 200,000 Shares will be issued to Mr. Joe Hanna or his nominee pursuant to Resolution 9;</li><li>• Up to 200,000 Shares will be issued to Mr. Sam Plowman or his nominee pursuant to Resolution 10; and</li><li>• Up to 300,000 Shares will be issued to Mr. Georg Chmiel or his nominee pursuant to Resolution 11.</li></ul>
The date by which the securities will be issued	The Shares the subject of Resolutions 8, 9, 10 or 11 will be issued no later than 1 month after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
The issue price	The issue price will be \$0.25, the same price as all other New Shares issued under the Capital Raising
The names of the persons to whom the Company will issue the securities	The Shares will be issued to: <ul style="list-style-type: none"><li>• Mr. Simon Baker or his nominee pursuant to Resolution 8;</li><li>• Mr. Joe Hanna or his nominee pursuant to Resolution 9;</li><li>• Mr. Sam Plowman or his nominee pursuant to Resolution 10; and</li><li>• Mr. Georg Chmiel or his nominee pursuant to Resolution 11.</li></ul>
The terms of the securities	The Company will apply to the ASX to have the New Shares issued pursuant to the Capital Raising officially quoted and these Shares will rank equally with all the other Shares on issue. In all other respects the rights and entitlements of the Participating Directors in respect of the New Shares issued pursuant to the Prospectus will be identical to the rights and entitlements of the holders of issued Shares.
The intended use of the funds raised	The Company intends to use the funds raised from the New Shares issued under the Capital Raising in the manner outlined in <b>section 8.12</b> .
Voting exclusion statement	A voting exclusion statement is contained in each of Resolutions 8, 9, 10 and 11.

## 15.6 Directors' interests

A Directors interest statement is contained in Section 21.

## 15.7 Directors recommendations

A Directors recommendation statement is contained in Section 21.

## 15.8 Voting requirements

Each of Resolutions 8, 9, 10 and 11 are ordinary resolutions and so requires the approval of more than 50% of the votes cast by Shareholders.

A voting exclusion statement is contained in each of Resolutions 8, 9, 10 and 11. Votes cast by Shareholders contrary to the voting exclusion statements will be disregarded.

## **16 Resolution 12 – Election of Director (Mr. Georg Chmiel)**

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### **16.1 General**

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution, any Director so appointed holds office only until the conclusion of the next general meeting and is then eligible for re-election by Shareholders at that meeting but if that meeting is an annual general meeting, shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that annual general meeting.

Mr. Georg Chmiel, having been appointed by other Directors on 1 August 2020 in accordance with the Constitution, will retire in accordance with the Constitution and being eligible, seeks election from Shareholders.

### **16.2 Qualifications and other material directorships**

Georg Chmiel is the Executive Chairman of **Juwai IQI Holdings**, which owns the largest online marketplaces for overseas properties in China and Asia ([Juwai.com](http://Juwai.com) and [Juwai.asia](http://Juwai.asia)) as well as the largest project sales group in South East Asia (IQI Global) with more than 10,000 sales agents. He is also Chairman of iCarAsia (ASX:ICQ), the number 1 online automotive marketplace for Malaysia, Thailand and Indonesia and Non-Executive Director of Centrepont Alliance (ASX:CAF), one of the leading wealth management networks across Australia.

Georg was previously Managing Director and CEO of the iProperty Group (ASX:IPP) before it was sold to REA Group for over US\$530m and Non-Executive Director of Mitula Group (ASX:MUA) before it was acquired by Lifull (2120:Tokyo). Earlier he was Managing Director and CEO of LJ Hooker Group with 700 offices across ten countries providing residential and commercial real estate as well as finance services. Georg also held the position of CFO and General Manager International at REA Group (ASX:REA) and was instrumental in building a solid platform for expansion which allowed the group to grow exponentially.

Georg has over 25 years of experience in the real estate and online industry. With companies such as Deutsche Bank and McKinsey & Company, Georg has built significant expertise in the area of strategy, innovative technologies, and corporate finance with a clear focus on growth companies and disruptive technologies.

Georg is the recipient of the Asia Pacific Entrepreneurship Award in 2016 and the Top Outstanding Leaders Asia Award in 2015. Georg is a CPA and member of the American Institute of Certified Public Accountants. He is also a Fellow of the Australian Institute of Company Directors and holds an MBA (INSEAD, France) and a Computer Science degree (TU Munich, Germany).

### **16.3 Independence**

The Board considers that Mr. Chmiel is an independent director.

### **16.4 Directors' interests**

A Directors' interest statement is contained in Section 21 of the Notice of Meeting.

### **16.5 Directors recommendations**

A Directors' recommendation statement is contained in Section 21 of the Notice of Meeting.

### **16.6 Voting requirements**

Resolution 12 of the General Meeting is an ordinary resolution.

## **17 Resolution 13 – Election of Director (Mr. Scott Wulff)**

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### **17.1 General**

As described in Section 21.8, Vault Group has the right to appoint one Director to the Company's Board under the Implementation Deed. Vault Group nominates Scott Wulff to be elected or appointed to the Company Board.

Resolution 13 seeks approval from Shareholders for the election of Scott Wulff as a Director.

### **17.2 Qualifications and other material directorships**

Mr. Wulff is one the founders of Vault Group Pty Ltd, the developer of the VaultRE, VaultEA and Rentfind Inspector technologies. Vault Group was established to develop market leading cloud based technology for real estate agents and VaultRE and the UK version of that technology, VaultEA, are the first whole of office solutions with sales/CRM, Property Management and Commercial Property all having their core technology requirements catered for from a single system driven by a single code set.

Prior to the formation of Vault Group, Scott and the core development team created and commercialised the MyDesktop system. MyDesktop is the market leading sales/CRM system in the Australian real estate markets. Fairfax became a significant investor in MyDesktop in 2007 and completed the acquisition of MyDesktop in 2010. Scott and the development team continued to manage the company and enhance the technology until their departure in 2016.

Vault Group is the second proptech start up successfully commercialised by Scott and VaultRE is the second market leading technology conceptualised and created by Scott and the Vault Group development team. Together with Adam Campbell, Matthew Healy, and David James, being the core development team of both MyDesktop and VaultRE, Scott has over twenty years of cloud-based property business and technology experience.

Scott has a Commerce degree majoring in Accounting and prior to his proptech experience, he was a project finance executive for a major multinational with a specific focus on negotiating finance for acquisitions spanning a number of different industries. He also has significant experience in analysis and acquisition of new business.

### **17.3 Independence**

The Board does not consider that Mr. Wulff is an independent director by virtue of his shareholding in, and executive role with, Vault Group. The Board notes that Mr. Wulff will be issued Consideration Shares as part of the Acquisition if Resolution 13 is passed.

### **17.4 Directors' interests**

A Directors' interest statement is contained in Section 21 of the Notice of Meeting.

### **17.5 Directors recommendations**

A Directors' recommendation statement is contained in Section 21 of the Notice of Meeting.

### **17.6 Voting requirements**

Resolution 13 of the General Meeting is an ordinary resolution

## 18 Resolutions 14, 15 and 16 – Approval to issue Shares to Directors in lieu of fees

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### 18.1 Overview

Resolutions 14 - 16 (inclusive) seek Shareholder approval for the issue of New Shares to certain of the Directors (or their nominees) in satisfaction of part of their accrued remuneration for the period from 1 July 2017 to June 2020.

Messrs Simon Baker, Joe Hanna and Sam Plowman are collectively owed the following amounts by way of accrued but unpaid remuneration comprising:

- total accrued but unpaid Non-Executive Director fees of \$225,328 for periods from 1 July 2017 to June 2020 (see section 18.2); and
- total accrued remuneration of \$419,583 payable to Joe Hanna for additional services provided and STI bonuses earned during FY19 and FY20 (see section 18.3), and

being a total of \$644,912 (**Director Accrued Remuneration Entitlements**).

It is also noted that additional unpaid remuneration of \$208,750 is owing to the Company's outsourced CFO, Michael Fiorenza for additional services provided and STI bonuses earned during FY19 and FY20 (**CFO Accrued Remuneration Entitlements**). It is proposed that a portion of these entitlements will also be converted into New Shares following completion of the Proposed Transaction. Shareholder approval is not being sought for the issue of New Shares to Mr Fiorenza.

It is proposed that a portion of the Director Accrued Remuneration Entitlement (namely, an amount of \$ 367,746) be satisfied by way of the issue of New Shares in the Company to each of Simon Baker, Joe Hanna and Sam Plowman comprised as follows:

- 100% of the STI payment awarded to Mr. Hanna (being 50% of the maximum potential STI) for performance milestones achieved during FY20. This is an amount of \$161,250 and to be satisfied by way of the issue of New Shares at an implied issue price of \$0.22 (on a post-Consolidation basis);
- 50% of the accrued but unpaid remuneration payable to Mr. Hanna in respect of services provided during FY19 (being an amount of \$37,500) to be satisfied by way of the issue of New Shares at an implied issue price of \$0.1669 (on a post-Consolidation basis); and
- 75% of all accrued but unpaid Non-Executive Director fees (being an amount of \$17,500) be satisfied by way of the issue of Shares at an implied issue price of \$0.22 (on a post-Consolidation basis);

Further details relating to each of these proposed issues is set out below.

Resolutions 14 - 16 (inclusive) are conditional on Shareholders approving the Essential Resolutions.

Assuming each of Resolutions 14, 15 and 16 are approved, an amount of \$477,191 will therefore remain owing by the Company to each of Messrs Simon Baker, Joe Hanna and Sam Plowman and it is proposed that they will be paid in cash following implementation of the Proposed Transaction.

If shareholders do not approve the issue of Shares the subject of any of Resolutions 14-16, the Proposed Transaction will not proceed, the relevant remuneration will remain outstanding and will need to be paid in cash, on demand.



## 18.2 Details of Directors Fees for Participating Directors

Director	Annual Directors Fee Entitlement Current Financial Year (FY20)	Director Fee accrued but unpaid for FY20	Annual Directors Fee Entitlement (FY19)	Director Fee accrued but unpaid for FY19	Annual Directors Fee Entitlement (FY18)	Director Fee accrued but unpaid for FY18
Simon Baker	\$60,000	\$60,000	\$60,000	\$57,500	\$60,000	\$27,500
Sam Plowman	\$40,000	\$40,000	\$40,000	\$16,996	-	-
Joe Hanna	\$40,000	\$5,833	\$40,000	\$17,600	\$40,000	-
Georg Chmiel	-	-	-	-	-	-
<b>TOTALS</b>	<b>\$120,000</b>	<b>\$105,833</b>	<b>\$120,000</b>	<b>\$92,096</b>	<b>\$100,000</b>	<b>\$27,500</b>

As noted in Section 18.1 above, it is proposed that a portion of these accrued but unpaid Directors' Fees will be converted into New Shares. Details of the proposed issues of New Shares are detailed in Section 18.4 below.

## 18.3 Details of additional Remuneration earned by Joe Hanna

### FY19

On and from 1 January 2019 Joe Hanna undertook a number of additional duties for which the Board agreed to pay Mr. Hanna the sum of \$75,000 for the balance of the FY19 financial year to reflect the additional time and commitment expended by Mr. Hanna in addition to his duties as a Non-Executive director.

To assist the Company with cashflow this amount was never paid to Mr. Hanna and was accrued. At the start of FY20 Mr. Hanna subsequently agreed with the Company that, subject to shareholder approval, he would agree to convert 50% of this amount to Shares in the Company at a conversion price equal to 90% of the 3-month VWAP for the period ending 30 June 2019 and the remaining balance to be paid in cash upon demand.

### FY20

The Directors subsequently agreed to adjust Mr. Hanna's remuneration package with effect from the commencement of FY20 to recognise the fact that Mr. Hanna was performing a full-time executive role. The package negotiated with Mr. Hanna comprised:

- Fixed remuneration of \$250,000 p.a (initially pro-rated); and
- A STI component (also pro-rated) equal to 100% of his fixed remuneration entitlements based on achieving a transformative transaction (50%) and the balance relating to achievement of certain cash flow and EBITDA targets.

Mr Hanna achieved some, but not all, of the STI targets resulting in total remuneration of \$394,583 for FY20. This was comprised of \$233,333 in base/fixed remuneration and \$161,250 in respect of the STI component of his package. None of this remuneration has been paid to Mr Hanna.

As noted in Section 18.1 above, it is proposed that a portion of this accrued but unpaid remuneration will be converted into New Shares. Details of the proposed issues of New Shares are detailed in Section 18.4 below.

## 18.4 Summary details of proposed issues of New Shares in satisfaction of portion of Director Accrued Remuneration Entitlements

Name <sup>13</sup>	Total outstanding Director Accrued Remuneration Entitlements	Amount to be converted into New Shares	New Shares to be Issued <sup>14</sup>	Total Shares Held directly and indirectly after completion of Proposed Transaction <sup>15</sup>
Simon Baker	\$145,000	\$108,750 (75% of accrued Directors Fees <sup>16</sup> )	494,318	10,818,735
Joe Hanna	\$442,917	\$216,250 (75% of accrued Directors Fees <sup>13</sup> , 50% FY19 Exec Fees <sup>17</sup> , 50% FY20 STI <sup>13</sup> )	1,207,823	4,730,240
Sam Plowman	\$56,995	\$42,746 (75% of accrued Directors Fees <sup>13</sup> )	194,301	5,838,525
<b>TOTAL</b>	<b>\$644,912</b>	<b>\$367,746</b>	<b>1,896,442</b>	

## 18.5 The relevant law

### Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in section 210 to 216 of the Corporations Act.

The issue of Shares would constitute giving a financial benefit and Mr. Simon Baker, Joe Hanna and Sam Plowman are all related parties of the Company by virtue of being Directors of the Company.

The Directors (with respect to each of Resolutions 14-16 that do not relate directly to themselves) consider that Shareholders' approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Shares proposed to be issued to Mr. Simon Baker, Joe Hanna and Sam Plowman as such issue is based on a conversion price of 1.1¢ (pre-Consolidation) or the 3-month VWAP at 3 March 2020 (whichever was higher), was negotiated on arm's length terms. As such, the giving of the financial benefit is on arm's length terms. In any event it is regarded as reasonable remuneration in the circumstances of the Company.

<sup>13</sup> Includes all entities owned or controlled

<sup>14</sup> Resolutions 14-16 (inclusive) are subject to all Essential Resolutions being approved by Shareholders.

<sup>15</sup> Total Shares assumes maximum Director participation in Capital Raise (as per Resolutions 8,9 & 10)

<sup>16</sup> New Shares issued at an implied issue price of \$0.22 (on a post-Consolidation basis)

<sup>17</sup> New Shares issued at an implied issue price of \$0.1669 (on a post-Consolidation basis)

## ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues or agrees to issue, "equity securities" to a related party unless an exception under ASX Listing Rule 10.12 applies.

It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

## ASX Listing Rule 7.1

As approval for the issue of the 'equity securities' to Simon Baker, Joe Hanna and Sam Plowman is being sought under ASX Listing Rule 10.11, approval is not also required under Listing Rule 7.1.

## 18.6 Specific information

Listing Rule 10.13 requires certain information to accompany a Notice of Meeting in relation to approval sought under Listing Rule 10.11. This information is set out below:

Listing Rule 10.13 requirement	Information								
The name of the person:	Ordinary fully paid shares in the capital of the Company) by way of Resolutions 14-16 (inclusive)) are being issued to Directors Simon Baker, Joe Hanna and Sam Plowman.								
The category in rules 10.1.1 – 10.1.5 the person falls within and why	<p><b>Resolution 14: Simon Baker</b> Category 10.1.1 and 10.1.3 – Mr. Baker is both a related party and a substantial holder in the Company for the reasons set out in 18.5 above.</p> <p><b>Resolution 15: Joe Hanna</b> Category 10.1.1 and 10.1.3 – Mr. Hanna is a related party and a substantial holder in the Company for the reasons set out in 18.5 above.</p> <p><b>Resolution 16: Sam Plowman.</b> Category 10.1.1 – Mr. Plowman is a related party of the Company for the reasons set out in 18.5 above.</p>								
The number and class of securities to be issued:	<p>The New Shares to be issued to Messrs. Baker, Hanna and Plowman will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares other than for any escrow imposed in accordance with the ASX Listing Rules.</p> <p>The number of Consideration Shares to be issued is as follows:</p> <table><tr><th>Name</th><th>New Shares to be issued (on a Post Consolidation basis)</th></tr><tr><td>Simon Baker</td><td>494,318</td></tr><tr><td>Joe Hanna</td><td>1,207,823</td></tr><tr><td>Sam Plowman</td><td>194,301</td></tr></table>	Name	New Shares to be issued (on a Post Consolidation basis)	Simon Baker	494,318	Joe Hanna	1,207,823	Sam Plowman	194,301
Name	New Shares to be issued (on a Post Consolidation basis)								
Simon Baker	494,318								
Joe Hanna	1,207,823								
Sam Plowman	194,301								
The date by which the securities will be issued:	The New Shares will be issued at the same time as Completion of the Proposed Transaction but in any event no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);								
The issue price:	<p>The New Shares will be issued for nil cash consideration as they will be issued in satisfaction of amounts already owing to the relevant Directors. The deemed issue price for the New Shares is:</p> <ul style="list-style-type: none"><li>• Simon Baker: 494,318 New Shares issued at an implied issue price of \$0.22 (on a post-Consolidation basis)</li><li>• Joe Hanna:<ul style="list-style-type: none"><li>◦ 982,995 New Shares issued at an implied issue price of \$0.22 (on a post-Consolidation basis); and</li></ul></li></ul>								

	<ul style="list-style-type: none"> <li>○ 224,668 New Shares issued at an implied issue price of \$0.1669 (on a post-Consolidation basis)</li> <li>• Sam Plowman: 194,301 New Shares issued at an implied issue price of \$0.22 (on a post-Consolidation basis)</li> </ul>
Purpose of the issue	The Related Seller Consideration Shares are being issued in partial satisfaction of amounts owing to the relevant Directors by way of Directors' fees and other accrued remuneration.
Voting Exclusion Statement	A voting exclusion statement is contained after the Resolutions 14-16 (inclusive). Votes cast by Shareholders contrary to the voting exclusion statement will be disregarded

## 18.7 Directors' interests

A Directors' interest statement is contained in Section 21 of the Notice of Meeting.

## 18.8 Directors recommendations

A Directors' recommendation statement is contained in Section 21 of the Notice of Meeting.

## 18.9 Voting requirements

Resolutions 14-16 are ordinary resolutions.

## **19 Resolution 17 – Change of Name**

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### **19.1 General**

Resolution 17 seeks approval from Shareholders for the change of name of the Company to “PropTech Group Limited”.

Resolution 17 is conditional on Shareholders approving the Essential Resolutions.

### **19.2 Regulatory requirements**

Section 157 of the Corporations Act requires the members to pass a Special Resolution to change the Company’s name. Accordingly, Resolution 17 seeks the approval of Shareholders for the Company to change its name to “PropTech Group Limited”.

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company if the Acquisition is completed.

### **19.3 When does this resolution take affect**

If the Resolution is passed, the change of name will take effect when ASIC alters the detail of the Company’s registration.

### **19.4 Directors’ interests**

A Directors interest statement is contained in Section 21 of the Notice of Meeting.

### **19.5 Directors recommendations**

A Directors recommendation statement is contained in Section 21 of the Notice of Meeting.

### **19.6 Voting requirements**

Resolution 12 of the General Meeting is a **Special Resolution** and so requires the approval of 75% of the votes cast by Shareholders.

## **20 Resolution 18 – Section 195 Approval**

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### **20.1 General**

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a “material personal interest” are being considered.

Some of the Directors may have a material personal interest in the outcome of the Resolutions. In the absence of this Resolution 18, the Directors may not be able to form a quorum at directors’ meetings necessary to carry out the terms of Resolutions [insert]. The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve.

### **20.2 Directors’ interests**

A Directors’ interest statement is contained in Section 21 of the Notice of Meeting.

### **20.3 Directors recommendations**

A Directors’ recommendation statement is contained in Section 21 of the Notice of Meeting.

### **20.4 Voting requirements**

Resolution 18 is an ordinary resolution

## 21 Additional Information

### 21.1 General

Other than as set out below, no Director will receive any payment or benefit of any kind as a consequence of the approval of the Resolutions contained in this Notice of Meeting other than in their capacity as Shareholders of the Company.

### 21.2 Interests of Directors in Real Estate CRM

Other than Mr. Chmiel, each of the Directors have the following interests in shares of Real Estate CRM and therefore have an interest in the Acquisition other than in their capacity as shareholders of the Company:

Director	Number of Real Estate CRM Shares as at the date of this Notice of Meeting (Pre-Acquisition)
Simon Baker	6,000,000 (being 9.24%)
Joe Hanna	2,000,000 (being 3.08%)
Sam Plowman	5,444,824 (being 8.39%)
<b>TOTAL</b>	13,444,224 (being 20.72%)

### 21.3 Interests of REV Directors in REV

The following table sets out the interests in Shares in the Company held by or on behalf of each Director of the Company as at the date of this Notice of Meeting, and if:

- all Resolutions are passed;
- the Capital Raising is completed;
- Shares are issued to the Directors in satisfaction of a portion of their Accrued Remuneration Entitlements; and
- all Consideration Shares are issued.

Director	Number of Shares held as at the date of this Notice of Meeting	Number of REV Shares (directly and indirectly) following Completion <sup>18</sup>
Simon Baker	3,924,417 directly and indirectly (being 33.66%)	10,818,735 (being 8.92%)
Joe Hanna	1,322,798 directly and indirectly (being 11.34%)	4,730,420 (being 3.90%)
Sam Plowman	Nil directly or indirectly	5,838,525 (being 4.81%)
Georg Chmiel	Nil directly or indirectly	300,000 (being 0.25%)
<b>TOTAL</b>	5,247,215 (being 45.00%)	21,687,681 (being 17.88%)

<sup>18</sup>

Assumes maximum Director participation in Capital Raise (as per Resolutions 8,9 & 10)

## 21.4 Remuneration

For the previous 2 financial years the Directors have been, and following completion of the Acquisition the Directors will be, remunerated by the Company as follows:

Director	Financial Year ending 30 June 2019	Financial Year ending 30 June 2020	Financial Year ending 30 June 2021
Simon Baker	\$57,500 <sup>19</sup>	\$60,000 <sup>19</sup>	\$70,000 <sup>19</sup>
Joe Hanna <sup>20</sup>	\$112,000 (Director fee plus additional services)	\$400,417 (full time executive director fee plus STI)	\$310,000 p.a. plus superannuation and excluding any participation in any STI/LTI program that may subsequently be introduced
Sam Plowman	\$16,996	\$40,000 <sup>21</sup>	\$55,000
Georg Chmiel	nil	nil	\$45,000

## 21.5 Scott Wulff Interests

Other than as set out below, Scott Wulff, as a proposed REV Director, will not receive any payment or benefit of any kind as a consequence of the approval of the Resolutions contained in this Notice of Meeting other than in his capacity as a Seller of Real Estate CRM.

The following table sets out the interests in Shares in the Company held by or on behalf of Scott Wulff as at the date of this Notice of Meeting, and if:

- all Resolutions are passed;
- the Capital Raising is completed;
- Shares are issued to the Directors in satisfaction of their Accrued Remuneration Entitlements; and
- all Consideration Shares are issued.

	Number of REV Shares as at the date of this Notice of Meeting	Number of REV Shares following Completion of the Acquisition
Scott Wulff	Nil directly or indirectly	5,906,177

For the previous 2 financial years Scott Wulff has been, and following completion of the Proposed Transaction will be, remunerated by the Company as follows:

Director	Financial Year ending 30 June 2019	Financial Year ending 30 June 2020	Financial Year ending 30 June 2021
Scott Wulff	nil	nil	\$180,000 p.a. plus superannuation and excluding any participation in any STI/LTI program that may subsequently be introduced

## 21.6 Recommendations

The Directors acknowledge the merits of the Proposed Transaction which has the potential to create significant value for Existing Shareholders and also to provide benefits for customers of the Combined Group, such as access to additional products and services. The Directors also note and confirm that the Company has undertaken appropriate due diligence investigations and enquiries into the assets and liabilities, financial position and performance,

<sup>19</sup> Includes REM Chair remuneration

<sup>20</sup> Joe Hanna appointed as executive director Jan 2019. FY20 includes STI. Details outlined in Section 18.3

<sup>21</sup> Includes Audit & Risk Chair remuneration



profits and losses, and prospects of Real Estate CRM (and its Subsidiaries, including Commerce Australia and Vault) to be satisfied that the proposed Acquisition is in the interests of the Company and its securityholders.

While the Directors acknowledge that there may also be reasons to vote against the Resolutions, they each intend to cause any Shares in which they have a Relevant Interest to be voted in favour of the Essential Resolutions (except where precluded from doing so by the ASX Listing Rules) in the absence of a superior proposal.

After considering the following:

- (a) the advantages and disadvantages and risks of the Acquisition as detailed in [insert] of the Explanatory Statement;
- (b) the Company's prospects if the Proposed Transaction does not proceed;
- (c) the strategic fit between the Company and Real Estate CRM;
- (d) advice from its professional advisers; and
- (e) the view formed by the Independent Expert that the Acquisition is fair and reasonable to the non-associated Shareholders of the Company,

the Directors provide the following recommendations:

Director	Recommendation
Simon Baker	<p>Recommends that Shareholders vote <b>in favour of</b> all Resolutions at the General Meeting <b>with the exception of</b> the following as he has an interest in them and is accordingly excluded from making a recommendation:</p> <ul style="list-style-type: none"> <li>• Resolution 1;</li> <li>• Resolutions 3-6 (inclusive);</li> <li>• Resolution 8;</li> <li>• Resolution 14; and</li> <li>• Resolution 18.</li> </ul>
Joe Hanna	<p>Recommends that Shareholders vote <b>in favour of</b> all Resolutions at the General Meeting <b>with the exception of</b> the following as he has an interest in them and is accordingly excluded from making a recommendation:</p> <ul style="list-style-type: none"> <li>• Resolution 1;</li> <li>• Resolutions 3-6 (inclusive);</li> <li>• Resolution 9;</li> <li>• Resolution 15; and</li> <li>• Resolution 18.</li> </ul>
Sam Plowman	<p>Recommends that Shareholders vote <b>in favour of</b> all Resolutions at the General Meeting <b>with the exception of</b> the following as he has an interest in them and is accordingly excluded from making a recommendation:</p> <ul style="list-style-type: none"> <li>• Resolution 1;</li> <li>• Resolutions 3-6 (inclusive);</li> <li>• Resolution 10;</li> <li>• Resolution 16; and</li> <li>• Resolution 18.</li> </ul>
Georg Chmiel	<p>Recommends that Shareholders vote <b>in favour of</b> all Resolutions at the General Meeting <b>with the exception of</b> the following as he has an interest in them and is accordingly excluded from making a recommendation:</p> <ul style="list-style-type: none"> <li>• Resolution 12.</li> </ul>

## 21.7 Open proxies

The Chairman intends to vote open proxies **in favour of** the Resolutions to the extent that he is not excluded from doing so.

## 21.8 Summary of Implementation Deed

In accordance with the Implementation Deed, the Company will make offers to each of the Shareholders in Real Estate CRM to acquire 100% of the issued share capital of Real Estate CRM:

Parties:	The Company and Real Estate CRM
Acquisition:	The entire issued share capital of Real Estate CRM
Consideration:	<p>64,900,048 Consideration Shares (on a post-Consolidation basis) to be issued pro-rata to each of the Sellers based on their existing proportionate shareholdings based on a share exchange ratio:</p> <ul style="list-style-type: none"> <li>• an agreed arm's length valuation of \$3,500,000 for the Company; and</li> <li>• an agreed arms' length valuation of Real Estate CRM of \$16,225,000 (being \$10m for Vault plus \$6m (being the amount of equity subscribed for by investors in Real Estate CRM Pty Ltd) plus a further \$125,000 (being 125,000 shares issued at a deemed issue price of \$1.00 each in payment of accounting and corporate advisory services rendered to Real Estate CRM in connection with the Vault Acquisition and the MyDesktop Acquisition).</li> </ul> <p>As between the Company and the Sellers only, no additional value was ascribed to the MyDesktop Acquisition (i.e. the benefit of the MyDesktop Acquisition will accrue to the Sellers and the Existing Shareholders pro rata based on the respective agreed valuation for the Company and Real Estate CRM</p> <p>The Consideration Shares to be issued to the Sellers are on terms that are the same as the Company's quoted ordinary Shares.</p> <p>Any escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules applying to the Consideration Shares will be determined by the ASX after the Prospectus is lodged with the ASX for the Capital Raising.</p> <p>Approval for the issue of the Consideration Shares is the subject of Resolutions 3-6 (inclusive).</p>
Conditions Precedent:	<p>The Acquisition is conditional upon, and subject to, a number of conditions. Other than those that have already been satisfied, the outstanding material conditions precedent include:</p> <ul style="list-style-type: none"> <li>• <b>Share Sale Agreements:</b> Each Real Estate CRM shareholder agreeing and being bound to sell their Real Estate CRM Shares to the Company pursuant to the terms of the Real Estate CRM Offer;</li> <li>• <b>Independent Expert's Report:</b> receipt of an independent expert's report by the Company confirming that the Acquisition is fair and reasonable, or not fair but reasonable to the Company, or is deemed by the Company, in its absolute discretion, to be satisfactory and sufficient to proceed with seeking Shareholder approval for the Acquisition;</li> <li>• <b>Compliance with ASX Listing Rules and the Corporations Act:</b> The Company has received all necessary or desirable regulatory approvals to effect the Acquisition as required under the Corporations Act and the ASX Listing Rules, these include: <ul style="list-style-type: none"> <li>○ <b>Shareholders Resolutions:</b> The Resolutions contained in this Notice of General Meeting;</li> <li>○ <b>Recompliance with ASX Listing Rules Chapters 1 and 2:</b> The Company receives from the ASX written conditional approval that the ASX will re-admit the Company to the Official List of the ASX subject to the terms and conditions as are prescribed by the ASX and the ASX Listing Rules;</li> <li>○ <b>Regulatory Approvals:</b> The Company receives any necessary regulatory and other consents and approvals (including shareholder approvals) necessary to effect the Transaction (including those required under the Act, the Listing Rules or required by ASIC or ASX policy) and where conditions are imposed by the ASX or ASIC, they are reasonably acceptable to the Company.</li> <li>○ <b>Capital Raising:</b> Completion of the Capital Raising.</li> <li>○ <b>Other conditions:</b> Other customary conditions usual for a transaction of this nature</li> </ul> </li> </ul>

Consolidation of capital	As required by the ASX Listing Rules, the Company proposes to undertake a Consolidation of its issued capital on the basis of 1 Share for every 20 Shares held, as set out further in <b>section 3</b> . Approval for the Consolidation is the subject of Resolution 2.
Capital Raising	In order to re-comply with Chapters 1 and 2 of the ASX Listing Rules and meet the conditions of the Implementation Deed, the Company proposes to conduct a capital raising by way of a Capital Raising of Shares (on a post-Consolidation basis) in the Company at an offer price of A\$0.25 per share to raise a subscriptions of A\$ 10.6 million ( <b>Capital Raising</b> ). The Capital Raising will be conducted under a full form prospectus to be prepared by the Company ( <b>Prospectus</b> ). The terms of the Capital Raising are as detailed in Section 4.5. Approval for the issue of Shares pursuant to the Capital Raising is the subject of Resolutions 7-11 (inclusive).
Proposed Director	In accordance with the terms of the Implementation Deed, Shareholders are being asked to approve the appointment of Mr. Scott Wulff as a director of the Company, with effect from completion of the Acquisition. A summary of the background and experience of Mr. Scott Wulff is set out in section 8.3(b) above. Approval for appointment of Mr. Scott Wulff is the subject of Resolution 13.
Change of name	As a result of the Acquisition, the Company proposes to change its name to "PropTech Group Limited". Approval for the change of name is the subject of Resolution 17.
Representations and Warranties	The Implementation Deed included representations and warranties from each of the parties that are standard for an agreement of this nature
Share Sale Agreements	Pursuant to the Implementation Deed and the Prospectus, the Company will make offers to each the shareholders in Real Estate CRM to acquire all of their shares in Real Estate CRM in exchange for the issue of New Shares in the Company, based on the share exchange ratio discussed above. The terms and conditions of each offer will be consistent with the terms of the Implementation Deed and completion of the sale and purchase of each offer is subject on completion occurring under the Implementation Deed as well as the Company receiving acceptances from all Real Estate CRM shareholders.

## 21.9 Summary of Terms of MyDesktop Acquisition

Parties:	Real Estate CRM and Domain Holdings Australia Limited.
Status:	Completed on 13 March 2020
Acquisition:	The entire issued share capital of Commerce Australia Pty Ltd (Trading as MyDesktop).
Consideration:	<p>Total consideration of up to maximum \$14m cash: Payable as follows:</p> <p><b>Paid on Completion:</b> Cash payment of \$5m paid on completion (with minor subsequent adjustments for working capital and other operational and billing adjustments). These amounts have already been paid.</p> <p><b>Deferred Consideration:</b> <u>Unconditional deferred purchase price:</u> \$2m cash due March 2021</p> <p><u>Contingent consideration:</u></p> <ul style="list-style-type: none"> <li>Up to \$4m cash on or around 31 January 2021 conditional upon the ongoing retention of an agreed customer base between the date of completion and the contingent payment date. The total amount payable is determined by a slide scale based on the customer retention percentage.</li> </ul>

	Up to \$3m cash on or around 30 September 2021 conditionally upon the retention of a key franchise group licensing MyDesktop via a current global enterprise agreement. The qualification for this hurdle requires that customer extend the contract (migrating to VaultRE) for a minimum term of 2 years beyond the current contract expiry date of 1 July 2021. The total amount payable is tied to the extension for each country (note that Australia accounts for over 80%)
Warranties and Disclosures	Warranties and indemnities from DHG including detailed warranties as to the MyDesktop business and operations. The warranties are subject to typical qualifications including qualifications as to disclosed matters.

## 21.10 Summary of Terms of Vault Acquisition

Parties:	Real Estate CRM and Vault Group Pty Ltd.
Status:	Completed on 13 March 2020
Acquisition:	The entire issued share capital of Vault Group Pty Ltd.
Consideration:	The issue of 10,000,000 Shares in the capital of Real Estate CRM to the shareholders in Vault Group Pty Ltd in consideration for the acquisition of all the issued capital of Real Estate CRM.
Warranties and Disclosures	All major shareholders in Vault Group are required to provide warranties and indemnities which are commercially acceptable in relation to those agreements. These warranties include warranties in respect of the accuracy of the financial information of the business, ownership of intellectual property, taxation matters and the absence of claims and litigation against Vault Group and the business, and compliance with all relevant laws.  Minority sellers provided customary warranties as to title to shares and capacity.

## 21.11 Benefits and agreements

Other than as set out elsewhere in this Explanatory Statement:

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

There is no payment or other benefit that is proposed to be made or given to any director, secretary or executive officer of the Company (or any of its Related Bodies Corporate) as compensation for the loss of, or consideration for or in connection with his or her retirement from, office in the Company (or any of its Related Bodies Corporate) in connection with the Resolutions.

### (b) Agreements connected with or conditional on the Resolutions

There are no agreements or arrangements made between any Director and any other person in connection with, or conditional on, the outcome of the Resolutions.

### (c) Interests of REV Directors in contracts with Real Estate CRM

None of the Directors has any interest in any contract entered into by Real Estate CRM

### (d) Benefits under the Resolutions or from Real Estate CRM

None of the Directors has agreed to receive, or is entitled to receive, any benefit from Real Estate CRM which is conditional on, or is related to, the Resolutions, other than as set out in this Explanatory Statement.

## 21.12 Consents and disclosures

### (a) Consents

This Explanatory Statement contains statements made by, or statements said to be based on statements made by:

- PKF as the Independent Expert; and

Each of those persons named above has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Explanatory Statement.

The following parties have given and have not, before the time of registration of this Explanatory Statement with ASIC, withdrawn their consent to be named in this Explanatory Statement in the form and context in which they are named:

- Nicholson Ryan Lawyers as Australian legal adviser to the Company; and
- RSM Audit
- Boardroom Pty Limited as the REV Registry.

**(b) Disclosures and responsibility**

Further, each person named in section 21.13(a):

- has not authorised or caused the issue of this Explanatory Statement;
- does not make, or purport to make, any statement in this Explanatory Statement or any statement on which a statement in this Explanatory Statement is based, other than:
- PKF, in relation to its Independent Expert's Report;
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Explanatory Statement other than a reference to its name and the statement (if any) included in this Explanatory Statement with the consent of that party as specified in this section 21.13(b).

## **21.13 Other information material to the making of a decision in relation to the Resolutions**

Except as set out in this Explanatory Statement, there is no other information material to the making of a decision in relation to the Resolutions, being information that is within the knowledge of any Director, at the time of lodging this Explanatory Statement with ASIC for registration, which has not previously been disclosed to Existing Shareholders.

## **21.14 Supplementary information**

If, between the date of lodgement of this Explanatory Statement for registration by ASIC and the Effective Date, the Company becomes aware that:

- a material statement in this Explanatory Statement is false or misleading;
- there is a material omission from this Explanatory Statement;
- a significant change affecting a matter in this Explanatory Statement has occurred; or
- a significant new matter has arisen which would have been required to be included in this Explanatory Statement if it had arisen before the date of lodgement of this Explanatory Statement for registration by ASIC,

the Company will prepare a supplementary document to this Explanatory Statement.

The form which the supplementary document may take, and whether a copy will be sent to each Existing Shareholder, will depend on the nature and timing of the new or changed circumstances.

In all cases, the supplementary document will be available from the Company's website at <https://www.REVgroup.com/investors> and from the ASX website at [www.asx.com.au](http://www.asx.com.au).

## **21.15 Directors' statements**

The issue of this Explanatory Statement has been unanimously authorised by the Company's Board.

## 22 Glossary and Interpretation

### 22.1 Glossary

The meanings of the terms used in this Explanatory Statement are set out below:

Term	Meaning
<b>\$ or A\$</b>	Australian dollars
<b>Accrued Remuneration Entitlements</b>	both the CFO Accrued Remuneration Entitlements and the Director Accrued Remuneration Entitlements
<b>Acquisition</b>	the proposed acquisition by the Company, in accordance with the terms and conditions of the Implementation Deed of 100% of the Real Estate CRM Shares.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Associate</b>	has the same meaning as in section 12 of the Corporations Act.
<b>ASX</b>	ASX Limited (CAN 008 624 691) and, where the context requires, the financial market that it operates.
<b>ASX Listing Rules or Listing Rules</b>	The Listing Rules of the ASX.
<b>Board</b>	The current board of directors of the Company.
<b>Business Day</b>	a day that is not a Saturday, Sunday or a public holiday or bank holiday in Melbourne, Victoria.
<b>Capital Raising</b>	the proposed capital raising to be conducted pursuant to the Prospectus as detailed in section 4.5 of the Explanatory Statement under which the Company proposes to raise A\$10.6 million, such funds to be received net of fees and expenses or such other amount as agreed between the Company and Real Estate CRM.
<b>Chairman</b>	The chair of the General Meeting
<b>CFO Accrued Remuneration Entitlements</b>	The accrued but unpaid remuneration owed to Mr. Michael Fiorenza by the Company for the provision of CFO and associated services to the Company.
<b>Closely related parties</b>	are defined in the Corporations Act 2001 and include certain family members, dependents and companies they control.

Term	Meaning
<b>Combined Group</b>	the Company and its Subsidiaries, including Real Estate CRM, Commerce Australia and Vault, following the successful implementation of the Proposed Transaction.
<b>Commerce Australia</b>	Commerce Australia Pty Ltd ACN 073 927 769
<b>Company or REV</b>	Real Estate Investar Group Limited (ACN 141 276 959).
<b>Completion</b>	Completion of the Acquisition in accordance with the Implementation Agreement.
<b>Condition Precedent</b>	a condition precedent contained in clause 3.1 of the Implementation Deed.
<b>Consideration Shares</b>	The 64,900,048 Shares to be issued to the Sellers on completion of the Acquisition.
<b>Consolidation</b>	The proposed consolidation of Shares under Resolution 2 at a ratio of 20 to 1.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	the <i>Corporations Regulations 2001</i> (Cth).
<b>CRM</b>	customer relationship management system software.
<b>Deferred Consideration</b>	the deferred purchase price payable, or contingently payable, by Real Estate CRM to DHG under the MyDesktop Acquisition as detailed in Section 21.9.
<b>Director Accrued Remuneration Entitlements</b>	The accrued but unpaid remuneration owed to each of Simon Baker, Joe Hanna and Sam Plowman by the Company in respect of director fees and other remuneration as detailed in Section 18.
<b>DHG or Domain</b>	Domain Holdings Australia Limited ACN 094 154 364
<b>Directors</b>	The directors of the Company.
<b>Essential Resolutions</b>	The inter-conditional resolutions to this Notice of Meeting, being all Resolutions other than Resolution 12

Term	Meaning
<b>Existing Shareholders</b>	Shareholders as at the date of this Notice of Meeting.
<b>Explanatory Statement</b>	this document.
<b>General Meeting or Meeting</b>	the meeting of Shareholders convened by the Notice of Meeting to be held at 10:30am on Wednesday 30 September 2020
<b>Government Agency</b>	any foreign or Australian Government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority (including any Central Bank or Tax Authority), tribunal, agency or entity or minister of the Crown in right of the Commonwealth of Australia or any state.
<b>Implementation Deed</b>	The Implementation Deed dated 03 March 2020 entered into between the Company and Real Estate CRM in respect of the acquisition of all issued shares in Real Estate CRM, the material terms of which are summarised in Section 21.8, and includes all amendments thereto.
<b>Independent Expert</b>	PKF Melbourne Corporate Pty Ltd ACN 063 564 045.
<b>Independent Expert's Report</b>	the report prepared by the Independent Expert dated 25 August 2020 set out in Annexure A.
<b>Key Management Personnel</b>	a member of the Key Management Personnel (being those persons described as Key Management Personnel in the Company's Remuneration Report) and includes all Directors
<b>Lead Manager</b>	Ord Minnett Limited ACN 002 733 048.
<b>MyDesktop</b>	The CRM business owned by Commerce Australia, the subject of the MyDesktop Acquisition.
<b>MyDesktop Acquisition</b>	The acquisition by Real Estate CRM of all of the issued shares in Commerce Australia.
<b>New Share</b>	means a new fully paid ordinary share in the capital of REV to be issued under any of the Resolutions.
<b>Notice of Meeting or Notice</b>	This notice of meeting including the Notice of General Meeting, Explanatory Statement, the Schedules, any Appendices and the Proxy Form



Term	Meaning
<b>Official List</b>	The official list of the ASX.
<b>Option</b>	an option to acquire a Share
<b>Participating Directors</b>	each of Simon Baker, Joe Hanna, Georg Chmiel and Sam Plowman.
<b>PM</b>	Property management system software
<b>Proposed Transaction</b>	includes the Acquisition, the issue of the Consideration Shares, the Capital Raising, the Recompliance and the other matters the subject of the Essential Resolutions
<b>Prospectus</b>	The prospectus proposed to be lodged by the Company with ASIC in accordance with section 710 of the Corporations Act in connection with the Capital Raising and the Recompliance.
<b>Proxy Form</b>	the proxy form which accompanies this Explanatory Statement.
<b>Real Estate CRM</b>	Real Estate CRM Pty Ltd ACN 639 096 156.
<b>Recompliance</b>	means the reinstatement of the Shares to official quotation but subject to the relevant escrow or restriction agreement if required by ASX following the Company re-complying with Chapters 1 and 2 of the Listing Rules to the satisfaction of ASX.
<b>Proxy Form</b>	The proxy form accompanying the Notice of Meeting.
<b>Register</b>	the share register of REV.
<b>Regulatory Authority</b>	includes ASX or ASIC, a government or governmental, semi-governmental or judicial entity or authority, a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government and any regulatory organisation established under statute.
<b>Related Body Corporate</b>	has the same meaning given to it in the Corporations Act.
<b>Related Party Sellers</b>	Mr. Simon Baker. Mr. Sam Plowman and Atherley Investments Pty Ltd (an entity associated with Mr. Joe Hanna) who are related parties of the Company and hold shares in Real Estate CRM as detailed in Section 13 and Schedule 1.

Term	Meaning
<b>Relevant Interest</b>	has the same meaning as given by sections 608 and 609 of the Corporations Act.
<b>Resolutions</b>	the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.
<b>Real Estate CRM</b>	Real Estate CRM Pty Ltd ACN 639 096 156
<b>Resolutions</b>	The resolutions set out in the Notice of Meeting, or any one of them, as the context requires.
<b>Restricted Securities</b>	Securities of the Company that: are subject to escrow restrictions as determined in accordance with Appendix 9B of the ASX Listing Rules; or in the ASX's opinion, should be treated as restricted securities.
<b>REV Board</b>	the board of directors of REV.
<b>REV Director or Your Director</b>	a member of the REV Board.
<b>REV Group</b>	REV and each of its Related Bodies Corporate and a reference to a "REV Group Member" or a "member of the REV Group" is to REV or any of its Related Bodies Corporate.
<b>REV Registry</b>	Boardroom Pty Limited ACN 003 209 836.
<b>REV Share or Share</b>	a fully paid ordinary share in the capital of the Company.
<b>REV Shareholder or Shareholder</b>	each person who is registered in the Register as a holder of REV Shares.
<b>Sellers</b>	the current shareholders of Real Estate CRM, being the persons detailed in Schedule 1 who will receive offers from the Company to acquire 100% of their shares in Real Estate CRM to the Company on, the terms and conditions contained in the Implementation Deed and <b>Seller</b> means any one of them. For the purpose of this Notice, the Sellers do not include the Related Party Sellers.
<b>Special Resolution</b>	means a resolution: <ul style="list-style-type: none"> <li>• of which notice as set out in Section 249L(1)(c) of the Corporations Act has been given; and</li> </ul>

Term	Meaning
	<ul style="list-style-type: none"> <li>that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.</li> </ul>
<b>Subsidiary</b>	has the same meaning as given in the Corporations Act.
<b>Vault or Vault Group</b>	Vault Group Pty Ltd ACN 636 732 039.
<b>Vault Acquisition</b>	The acquisition by Real Estate CRM of all of the issued shares in Vault.
<b>VaultRE</b>	The businesses operated by Vault Group and its Subsidiaries as described in Section 6.
<b>VWAP</b>	volume weighted average price

## 22.2 Interpretation

In this Explanatory Statement:

- (a) words of any gender include all genders;
- (b) words importing the singular include the plural and vice versa;
- (c) an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (d) a reference to a section or annexure, is a reference to a section of or annexure of, to this Explanatory Statement as relevant;
- (e) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (f) headings and bold type are for convenience only and do not affect the interpretation of this Explanatory Statement;
- (g) a reference to time is a reference to Melbourne, Victoria time;
- (h) a reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia;
- (i) an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia; and
- (j) the words “include”, “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

# Schedule 1

## Details of Sellers and Consideration Shares

Real Estate CRM Share Cert No	Seller	Shares held in Real Estate CRM	Number of Consideration Shares
1	Michael Fiorenza	12	48
2	Sam Plowman	930,000	3,720,000
3	HB Super Holdings Pty Ltd	1,500,000	6,000,000
4	National Nominees Limited	150,000	600,000
5	National Nominees Limited	550,000	2,200,000
6	Propplat Pty Ltd	1,000,000	4,000,000
7	McLaughan Pty Ltd	250,000	1,000,000
8	Symington Pty Ltd	100,000	400,000
9	Calama Holdings Pty Ltd	150,000	600,000
10	Matthew John Davies	25,000	100,000
11	CAPITAL H MANAGEMENT PTY LTD	120,000	480,000
12	CAPITAL H MANAGEMENT PTY LTD	500,000	2,000,000
13	Technom (NSW) Pty Limited	150,000	600,000
14	Capozzi Family Super Pty Ltd	50,000	200,000
15	Atherley Investments Pty Ltd	500,000	2,000,000
16	LAWSON MACNEE PTY LTD	1,249,982	4,999,928
17	REAL ESTATE INSTITUTE OF WESTERN AUSTRALIA	1,249,982	4,999,928
18	A & N CAMPBELL PTY LTD	1,216,522	4,866,088
19	SCOTT WULFF	1,161,287	4,645,148
20	WELLCREST HOLDINGS PTY LTD	128,177	512,708
21	MATTHEW JOHN HEALY	1,139,877	4,559,508
22	DAVID LANGLEY JAMES	127,814	511,256
23	DAVID LANGLEY JAMES	1,088,708	4,354,832
24	PROPPLAT PTY LTD	435,483	1,741,932
25	RL & HL PTY LTD	424,959	1,699,836
26	YOL PTY LTD	362,903	1,451,612
27	LYMER PTY LTD	362,903	1,451,612
28	MELANIA NOMINEES PTY LIMITED	362,903	1,451,612
29	WILLIAM RONALD CONNELLY	217,742	870,968
30	DABIN PTY LTD	160,185	640,740
31	SEE GULL STAR PTY. LTD.	72,581	290,324
32	SAM ANTONY SIDNEY PLOWMAN	68,153	272,612
33	ADRIAN NIZZOLA	34,113	136,452
34	GRADY CATHERINE WULFF	34,113	136,452
35	KEVIN JAMES HEALY	34,113	136,452
36	SIMON KIM OLLERENSHAW	34,113	136,452
37	JEFFREY STUART CARTER	19,089	76,356
38	TOBANE PTY LTD	8,202	32,808
39	ANASTASIOS DEMOS	2,032	8,128
40	BARRIE DEAN MAGAIN	2,032	8,128
41	CAMERON EWERS	2,032	8,128
42	Water Green Finance Consulting S. L	250,000	1,000,000
<b>TOTAL</b>		<b>16,225,012</b>	<b>64,900,048</b>

## Annexure A

### Independent Expert's Report

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25 August 2020

The Directors  
Real Estate Investar Group Limited  
Level 6, 330 Collins Street  
Melbourne VIC 3000

Dear Directors

**Re: Independent Expert's Report**

## 1. Introduction

The Directors of Real Estate Investar Group Limited ("REV" or "the Company") have requested PKF Melbourne Corporate Pty Ltd ("PKF Corporate") to prepare an Independent Expert's Report ("IER") in respect of a proposed transaction that would see REV acquire 100% of the issued capital in Real Estate CRM Pty Ltd ("RECRM") from its current shareholders.

On 3 March 2020 REV announced that it had entered into a conditional agreement to acquire all of the issued capital in RECRM. At the same time REV announced that RECRM has entered into separate agreements to acquire all of the issued capital in:

- Commerce Australia Pty Ltd ("CAPL"); and
- Vault Group Pty Ltd ("Vault").

CAPL operates MyDesktop, a leading sales customer relationship management (CRM) software for Australian and New Zealand real estate agents. CAPL was acquired by RECRM from Domain Holdings Australia Limited (ASX:DHG) ("Domain").

Vault, which was established in 2017 by the original founders of MyDesktop, is a provider of the next generation of sales CRM, property management and commercial real estate software tools for Australian and New Zealand real estate agents. Vault was acquired from its shareholders.

RECRM plans to merge the operations of CAPL and Vault to provide MyDesktop customers with a seamless transition to Australia's and New Zealand's next generation CRM platform with access to inbuilt property management and commercial real estate functionality.

The Australian Securities Exchange ("ASX") Listing Rule 10.1 requires that a company obtain shareholder approval at a general meeting when the acquisition of a substantial asset is made from a related party or a shareholder holding shares in at least 10% of the company's voting securities. ASX Listing Rule 10.2 defines a substantial asset as an asset whose value, or the value of the consideration for it is 5% or more of the equity interests of the entity as set out in the latest financial statements given to the ASX.

All three directors of REV are also directors of RECRM, and the directors are also shareholders in RECRM. In view of these relationships, ASX Listing Rule 10.1 requires that the Company obtain shareholder approval for the proposed transaction.

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## 2. The Proposed Transaction

### 2.1 Background to the Proposed Transaction

We understand the proposed transaction will include the following:

- **Share Consolidation:** The issued capital of the Company is to be consolidated on the basis that every twenty shares are consolidated into one share;
- **Acquisition:** REV entered into an Implementation Deed with RECRM on 3 March 2020, pursuant to which REV is to issue fully paid, post-consolidation REV shares (the “Consideration Shares”) as consideration to acquire all of the shares on issue in RECRM from its shareholders (the “Acquisition”). The Acquisition is subject among other things to REV shareholders’ approval; and
- **Capital Raise:** The Acquisition will be transformative for REV and to fund the post-acquisition working capital requirements and further capital commitments, REV is also seeking to raise a minimum of \$10.6 million (the “Capital Raise”) pursuant to a prospectus to be issued by REV for a public offer (the “General Offer”).

We also understand that RECRM acquired all the shares in CAPL and Vault on the following key terms:

- **CAPL:** Total cash consideration of \$14 million, of which \$7 million is contingent on achievement of a number of conditions in 2021. Of the remaining \$7 million, \$5 million was paid up-front on the completion date, with the remaining \$2 million deferred for a year after the completion date; and
- **Vault:** Total consideration of \$10 million settled by issue of 10 million fully paid ordinary shares in RECRM at an implied issue price of \$1 per RECRM share.

### 2.2 Proposed Resolutions to be Approved by Shareholders

REV is seeking shareholder approval to enable the implementation of all aspects of the transformation of REV and an overview of each of these resolutions follows. Resolutions 1 to 11 and Resolutions 14 to 17 are together referred to as the “Essential Resolutions”.

All Essential Resolutions are inter-conditional on all of those resolutions being approved. If any one of the Essential Resolutions is not passed, then all the Essential Resolutions will be taken to have been rejected by shareholders, and the proposed transaction will not proceed.

<b>Resolution 1</b>	<b>Change in nature and scale of activities</b>
<b>Resolution 2</b>	<b>Consolidation of the Company’s issued capital in the ratio of 20:1</b>
<b>Resolution 3</b>	<b>Issue of Consideration Shares to the unrelated vendors of RECRM</b>
<b>Resolution 4</b>	<b>Issue of Consideration Shares to an entity associated with Mr Simon Baker, a related party</b>
<b>Resolution 5</b>	<b>Issue of Consideration Shares to an entity associated with Mr Joe Hanna, a related party</b>
<b>Resolution 6</b>	<b>Issue of Consideration Shares to Mr Sam Plowman, a related party</b>
<b>Resolution 7</b>	<b>Issue of shares pursuant to the Capital Raise (General Offer)</b>
<b>Resolution 8</b>	<b>Issue of shares to Mr Simon Baker, a related party, pursuant to the Capital Raise</b>

- Resolution 9** Issue of shares to Mr Joe Hanna, a related party, pursuant to the Capital Raise
- Resolution 10** Issue of shares to Mr Sam Plowman, a related party, pursuant to the Capital Raise
- Resolution 11** Issue of shares to Mr Georg Chmiel, a related party, pursuant to the Capital Raise
- Resolution 12** Appointment of Mr Georg Chmiel as a Director
- Resolution 13** Appointment of Mr Scott Wulff as a Director
- Resolution 14** Issue of shares to Mr Simon Baker in partial satisfaction of accrued remuneration entitlements
- Resolution 15** Issue of shares to Mr Joe Hanna in partial satisfaction of accrued remuneration entitlements
- Resolution 16** Issue of shares to Mr Sam Plowman in partial satisfaction of accrued remuneration entitlements
- Resolution 17** Approval of change of the Company's name to PropTech Group Limited
- Resolution 18** Approval and authorisation for the directors to complete the transactions as contemplated by the Notice of Meeting

Resolutions 4, 5 and 6 above (approval to issue Consideration Shares to related parties) are the only resolutions on which we are required to opine. Nevertheless, since all the resolutions (except resolutions 12 and 18) are interdependent, shareholders must approve all resolutions (except resolutions 12 and 18) for the transformation to proceed. As resolutions 1 to 11 and resolutions 13 to 17 are interdependent we have referred to these resolutions as the "Proposed Transaction" throughout the remainder of this report.

### 2.3 Impact of the Proposed Transaction

Approval of the Proposed Transaction will result in REV:

- consolidating its existing share capital (including the shares issued to Directors and executives above) in a ratio of 1 REV share for 20 existing REV shares;
- issuing 2,344,064 REV shares to the Directors and executives on a post-consolidated basis to convert amounts payable to them into equity;
- issuing 4 REV shares on a post-consolidated basis to shareholders of RECRM for each RECRM share held by them; and
- issuing 42,400,000 new REV shares on a post-consolidated basis to the public at a price of \$0.25 per share to raise \$10.6 million if the General Offer is successful.

The above will result in REV having a total of 121,304,367 shares on issue of which 64,900,048 or 53.5% will be owned by the shareholders of RECRM.

The table below shows the impact of the Proposed Transaction.



**Table 1: Impact of the Proposed Transaction**

	formula	Resolution number	If all Essential Resolutions are approved	
			Number of shares	%
Total shares before the Proposed Transaction	a		233,205,108	
<b>Consolidation ratio (times)</b>	b	2	<b>20</b>	
Total shares after consolidation	c = a + b		11,660,255	9.6%
<b>Conversion of unpaid accrued entitlements</b>				
Simon Baker	d	14	494,318	
Joseph Hanna	e	15	1,207,623	
Sam Plowman	f	16	194,301	
Michael Fiorenza	g		447,822	
Sub-total - conversion of unpaid accrued entitlements	h = d + e + f + g		2,344,064	1.9%
<b>Consideration Shares to RECRM shareholders</b>				
Unrelated parties	i	3	51,455,824	
Simon Baker and associated entities	j	4	6,000,000	
Joseph Hanna and associated entities	k	5	2,000,000	
Sam Plowman	l	6	5,444,224	
Sub-total - Consideration Shares	m = i + j + k + l		64,900,048	53.5%
Shares offered under prospectus	n	7, 8, 9, 10, 11	42,400,000	35.0%
<b>Total shares after the Proposed Transaction</b>	<b>o = c + h + m + n</b>		<b>121,304,367</b>	<b>100.0%</b>

Source: Draft NOM, PKF Corporate analysis

The Directors of REV have requested PKF Corporate to prepare an IER in accordance with ASIC Regulatory Guide 111 – Content of expert reports. ASIC Regulatory Guide 111 requires the Independent Expert to advise the shareholders whether the Proposed Transaction is fair and reasonable, when considered in the context of the interests of the Non-Associated Shareholders (all shareholders entitled to vote on the Proposed Transaction).

### 3. Summary opinions

In our opinion, the Proposed Transaction is **both fair and reasonable to the Non-Associated Shareholders**. Our principal reasons for reaching this opinion are:

#### Fairness

- In section 9 we have assessed the value per share of RECRM to be in a range of \$1.00 to \$1.06 per share with a mid-point of \$1.03 per share. Based on this mid-point value, we calculated the total value of RECRM to be \$16,711,762 or say \$16.71 million;
- In section 10 we have assessed the value of a REV share on a minority basis after the Proposed Transaction to be in the range of \$0.1893 (18.93 cents) to \$0.2136 (21.36 cents) per share with a mid-point of \$0.2015 (20.15 cents) per share. Based on this mid-point value, we calculated the value of the consideration offered by REV to be \$13,077,360 or say \$13.08 million; and
- As the value of RECRM acquired by REV of \$16.71 million is more than the consideration offered by REV to shareholders of RECRM of \$13.08 million, we have concluded that the Proposed Transaction is **fair**.

#### Reasonableness

The key reasons for assessing the Proposed Transaction as **reasonable** are:

- We have assessed the Proposed Transaction as being fair.
- The Proposed Transaction may potentially transform REV from a small loss-making retail SaaS business with declining revenues, a comparatively small addressable market and limited growth opportunities into a profitable and cash generative diversified property technology business with recurring monthly subscription revenues, high gross margins, low churn and highly scalable technology with a number of growth opportunities (both organic and inorganic) in property technology.

- c) The three-way merger of REV, CAPL (MyDesktop) and Vault is expected to create a leading real estate agent software provider in the domestic market in Australia. The merged business is expected to be profitable with a monthly recurring subscription revenue model. A cashflow positive position should allow the combined entity to continue to grow market share in Australia and New Zealand; expand into the United Kingdom market; continue to make investments in organic product innovations; and explore investment or merger and acquisition opportunities with other property technology companies both domestically and offshore to accelerate growth.
- d) Further, it provides potential for value creation within the new merged entity through realisation of cost, revenue and product synergies. The merged entity is expected to generate significant operational efficiencies arising from the integration of complementary technologies and technological process improvements, as well as significant corporate cost synergies from the centralisation of administrative and corporate functions including executive leadership, finance, technology and marketing.
- e) After the Proposed Transaction, REV will expand its existing recurring monthly SaaS revenues and capabilities to include real estate agency offices and leverage MyDesktop and VaultRE's existing real estate agency CRM market share. The key focus for the Company will be to commence the steady transition of existing clients from MyDesktop to the new VaultRE platform. The combination of MyDesktop's existing client base and VaultRE's new technology platform will provide real estate agents the combination of both sales CRM and rental property management all within a single system using the latest functionality.
- f) The Proposed Transaction will result in a diversification of REV's existing risk profile, given the expansion of current product mix and customer base over a larger geographic footprint. CAPL and Vault target the real estate agent market, whereas REV predominantly targets retail real estate investors. In addition, Vault provides a new geographic exposure via its businesses in the United Kingdom.
- g) Successful completion of the Proposed Transaction would provide increased liquidity and potential upside for REV shareholders as the Company's current capital structure is not sustainable in the long term. The merged entity should be adequately capitalised to pursue growth opportunities in Australia, New Zealand and the United Kingdom.
- h) Shares in the Company post the Proposed Transaction are expected to be more liquid which will enable shareholders to more easily buy and sell their shares.
- i) The Company currently does not generate profits. The Directors have investigated a number of opportunities which have been available to the Company and are of the view that the Proposed Transaction represents the best opportunity for the Company to generate profits for shareholders.
- j) If the Proposed Transaction does not proceed, the Company would have to pursue another method of addressing its debt and cash flow challenges without the benefit of the significant benefits and other synergies that are projected to be achieved through the Proposed Transaction.
- k) If the Proposed Transaction is not completed, the Company would have concerns with its ability to generate sufficient sustainable cash flows to meet its short-term operating requirements and to grow and expand its existing business. It is possible that REV's shares may remain suspended from trading, and the Directors may need to explore divestment and/or asset sale. The sale of the Company or its assets would diminish shareholder value in comparison to the Proposed Transaction.
- l) The Proposed Transaction will result in issue of Consideration Shares as well as shares issued under the General Offer. As a result, RECRM shareholders collectively will have control over the Company and the shareholding of existing shareholders in REV will be diluted. However, existing REV shareholders will have the opportunity to subscribe for additional shares in the new merged entity under a Priority Offer.

- m) There is a risk that the Company's management will not be able to implement the Company's growth strategy after completion of the Proposed Transaction. Further, there is no guarantee that the Company's marketing strategy will be effective in generating an increase in number of customers, revenue and profit, particularly if customer preferences change unpredictably and rapidly.
- n) The manner in which the change to the nature and scale of the Company's activities is being achieved may not be consistent with the investment, financial, taxation or other objectives of all shareholders.

#### 4. Structure of this report

The remainder of this report is divided into the following sections:

<u>Section</u>		<u>Page</u>
5	Purpose of the Report	6
6	REV – Key Information	8
7	Valuation of REV before the Proposed Transaction	12
8	RECRM, CAPL and Vault – Key Information	25
9	Assessment of the Value of RECRM, CAPL and Vault	33
10	Valuation of REV after the Proposed Transaction	48
11	Assessment as to Fairness	51
12	Assessment as to Reasonableness	51
13	Assessment as to Fairness and Reasonableness	53
14	Financial Services Guide	53
<u>Appendix</u>		
A	Sources of Information	55
B	Declarations, Qualifications and Consents	56
C	Trading Comparable Companies as at 30 June 2020	57
D	Precedent Transactions	58

#### 5. Purpose of the report

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

- **ASX Listing Rules 10.1 and 10.2**

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

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

As

- Messrs Simon Baker, Joe Hanna and Sam Plowman, the three directors of REV are also directors of RECRM, they are considered to be related parties of REV; and
- the value of the Proposed Transaction exceeds 5% of the equity interest of REV as set out in the latest financial statements given to the ASX (REV reported negative net assets at 31 December 2019).

Listing Rule 10.1 will apply to the Proposed Transaction.

- **ASIC Regulatory Guides**

This report has been prepared in accordance with the ASIC Regulatory Guides and more particularly:

**RG 111 – Content of Expert Reports (“RG111”)**

RG111.9 It has long been accepted in Australian mergers and acquisitions practice that the words ‘fair and reasonable’ in S640 established two distinct criteria for an expert analysing a control transaction:

- (a) is the offer ‘fair’; and
- (b) is it ‘reasonable’?

RG111.11 That is, ‘fair and reasonable’ is not regarded as a compound phrase. An offer is ‘reasonable’ if it is fair. It might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111.55 Generally, ASIC expects an expert who is asked to analyse a related party transaction to express an opinion on whether the transaction is ‘fair and reasonable’ from the perspective of non-associated members.

- **General**

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

Fairness	the Proposed Transaction is “fair” if the value of RECRM that REV may acquire is equal to or more than the consideration being offered.
Reasonableness	the Proposed Transaction is “reasonable” if it is fair. It may also be “reasonable” if, despite not being “fair” but after considering other significant factors, we consider that the advantages of proceeding with the Proposed Transaction outweigh the disadvantages of proceeding.

What is fair and reasonable for the Non-Associated Shareholders should be judged in all the circumstances of the proposal.

The methodology that we have used to form an opinion as to whether the Proposed Transaction is fair and reasonable, is summarised as follows:

- (i) In determining whether the Proposed Transaction is fair, we have:
- Assessed the current value of REV;
  - assessed the value of RECRM to be acquired by REV;
  - assessed the value of the consideration being offered by REV; and
  - compared the value of RECRM to be acquired by REV with the value of the consideration being offered by REV.
- (ii) In determining whether the Proposed Transaction is reasonable, we have analysed other significant factors that the Non-Associated Shareholders should review and consider prior to accepting or rejecting the Proposed Transaction.

## 6. REV – Key Information

### 6.1 Background

- 6.1.1 REV is a company limited by shares, incorporated and domiciled in Australia. It was publicly listed on the ASX in December 2015 (ASX:REV). The Company was founded in 2006 as a digital real estate magazine publisher branded as Real Estate Investor Magazine. In 2010, REV identified a need for their readership to access online tools to assist with property investment decisions. To that end, REV evolved into a property technology company with an online property investment platform which encompasses a set of tools and services to make property investment analysis simpler and more efficient.
- 6.1.2 REV provides integrated investment property analysis, tracking services and other Software-as-a-Service (SaaS) solutions to Australian and New Zealand property investors. The tools also help connect potential property investors with real estate sales agents during the property acquisition phase and subsequently real estate managers once properties are acquired.
- 6.1.3 REV offers property investors a comprehensive suite of free online services to grow its member base and increase its knowledge of members as they engage with these services. It monetises this base via its SaaS offering by providing members with paid memberships for advanced tools and services.
- 6.1.4 The Company's SaaS (subscriptions) business unit provides investors with a range of analysis, decision-making and tracking tools to optimise their investment property decisions. It offers a free introductory set of SaaS enabled tools and generates revenues from the sale of subscriptions of premium investment property tools to members. Members pay on a monthly or annual basis to access these subscriptions, based on the following plans listed on the Company's website:
- a. *Starter Plan* billed per member at \$99 monthly or \$990 annually;
  - b. *Professional Plan* billed per member at \$149 monthly or \$1,490 annually; and
  - c. *Advanced Plan* billed per member at \$248 monthly or \$2,480 annually.
- 6.1.5 As of February 2020, REV had over 150,000 active investor subscribers and more than 1 million real estate listings on its application platform.
- 6.1.6 In FY19, REV discontinued its underperforming property transactions business unit due to an unfavourable macro-economic environment, following which the Company now only has the subscriptions business unit and a revenue model based on SaaS.

## 6.2 Directors

6.1.1 The organisational structure of REV consists of a core management team primarily based in Melbourne and an operational team located in Queensland.

6.1.2 REV's Board of Directors and other key executives are presented in the table below.

**Table 2: Directors and key executives of REV**

Name	Position
<b>Directors</b>	
Simon Baker	Non-Executive Chairman
Joseph Hanna	Executive Director
Sam Plowman	Independent Non-Executive Director
<b>Other key executives</b>	
Ben Fry	Chief Operations Officer
Michael Fiorenza	Chief Financial Officer

Source: REV 2019 annual report, draft NOM

## 6.3 Share capital

6.3.1 As at 22 April 2020, REV had on issue 233,205,108 fully paid ordinary shares. The major shareholders are presented in the table below. We note that the top 10 shareholders, as recorded on the share register, held 66.0% of the issued ordinary capital of REV.

**Table 3: Major shareholders of REV**

Shareholder	Number of Shares Held	Percentage
CAV Investment Holdings HK Limited	61,786,110	26.5%
Atherly Investments Pty Ltd	26,455,952	11.3%
Invia Custodian Pty Ltd	18,124,975	7.8%
HB Super Holdings Pty Ltd	10,987,948	4.7%
Calama Holdings Pty Ltd	8,643,478	3.7%
Pohutukawa Pty Ltd	8,034,281	3.4%
Cavii No 5 Limited	5,714,286	2.5%
Octifil Pty Ltd	5,288,060	2.3%
HSBC Custody Nominees Australia	4,999,030	2.1%
Disruptive Investment Group	3,830,864	1.6%
<b>Sub-total - top 10 shareholders</b>	<b>153,864,984</b>	<b>66.0%</b>
Other shareholders	79,340,124	34.0%
<b>Total</b>	<b>233,205,108</b>	<b>100.0%</b>

Source: REV holdings report dated 22 April 2020

6.3.2 We also note that the top 10 shareholders and their shareholding has remained unchanged since 30 August 2019, based on the information in REV's annual report for the financial year ended 30 June 2019.

6.3.3 As at 30 June 2019, REV had a total of 14.975 million outstanding unlisted options which were issued to employees, directors and independent contractors. Of these 10.975 million options had vested to the option holder, as shown in the table below. All share options were in relation to the ordinary shares of the Company. Based on the last traded share price of REV (refer to section 7.3 of this report), all options issued and vested as at the date of this report are out of the money as their exercise price is more than the last traded price. As a result, none of the issued options are considered dilutive.

**Table 4: Number of options in REV shares**

Grant date	Number of options issued	Number of options outstanding	Vesting date	Expiry date	Number of options vested	Exercise price
10-Dec-15	3,000,000	2,500,000	31-Dec-17	31-Dec-20	2,500,000	\$ 0.200
28-Apr-16	1,450,000	475,000	27-Apr-18	27-Apr-21	475,000	\$ 0.200
29-Nov-18	4,000,000	4,000,000	29-Nov-18	30-Nov-23	4,000,000	\$ 0.015
29-Jan-19	4,000,000	4,000,000	29-Jan-21	27-Jan-23	-	\$ 0.012
31-Jan-19	4,000,000	4,000,000	31-Jan-19	30-Jan-21	4,000,000	\$ 0.015
	<b>16,450,000</b>	<b>14,975,000</b>			<b>10,975,000</b>	

Source: REV 2019 annual report, PKF Corporate analysis

6.3.4 REV's shares went into a trading halt on 3 March 2020 after REV announced the Proposed Transaction on the same date.

#### 6.4 Statements of financial position

REV's consolidated statements of financial position as at 30 June 2018, 30 June 2019 and 31 December 2019 are presented in the table below.

**Table 5: Consolidated statements of financial position of REV**

	Audited 30-Jun-18 \$	Audited 30-Jun-19 \$	Reviewed 31-Dec-19 \$
<b>Current assets</b>			
Cash and cash equivalents	107,444	251,974	352,017
Trade receivables	518,692	45,540	57,695
Accrued income	896,947	682,305	261,600
Prepayments	96,406	45,917	85,256
	<b>1,619,489</b>	<b>1,025,736</b>	<b>756,568</b>
<b>Non-current assets</b>			
Other debtors	2,218	-	-
Accrued income - property sale commissions	76,025	-	-
Plant and equipment	32,390	15,439	3,638
Intangible assets	923,101	454,971	251,553
	<b>1,033,734</b>	<b>470,410</b>	<b>255,191</b>
<b>Total assets</b>	<b>2,653,223</b>	<b>1,496,146</b>	<b>1,011,759</b>
<b>Current liabilities</b>			
Trade creditors	1,005,957	542,064	605,777
Accruals	469,561	453,942	524,163
Income in advance	252,101	154,623	145,540
Other payables	31,676	52,482	55,507
Borrowings	334,955	-	-
Provision for employee entitlements	114,785	60,022	55,909
	<b>2,209,035</b>	<b>1,263,133</b>	<b>1,386,896</b>
<b>Non-current liabilities</b>			
Trade creditors	23,959	71,925	23,925
Provision for employee entitlements	31,543	-	-
	<b>55,502</b>	<b>71,925</b>	<b>23,925</b>
<b>Total liabilities</b>	<b>2,264,537</b>	<b>1,335,058</b>	<b>1,410,821</b>
<b>Net assets / (liabilities)</b>	<b>388,686</b>	<b>161,088</b>	<b>(399,062)</b>
<b>Equity</b>			
Contributed equity	12,469,579	13,842,150	13,842,150
Accumulated losses	(12,422,022)	(14,046,765)	(14,609,843)
Reserves	341,129	365,703	368,631
<b>Total equity</b>	<b>388,686</b>	<b>161,088</b>	<b>(399,062)</b>

Source: REV 2018 and 2019 annual reports, REV interim financial report for half year ended 31 December 2019



## 6.5 Operating performance

REV's consolidated statements of comprehensive income for the financial years ended 30 June 2018 ("FY18") and 30 June 2019 ("FY19"), as well as the half year ended 31 December 2019 ("HY20") are presented in the table below.

**Table 6: Consolidated statements of comprehensive income of REV**

	Audited FY18 \$	Audited FY19 \$	Reviewed HY20 \$
<b>Income</b>			
Revenue	1,793,187	1,070,795	516,805
Finance income	19,987	548	75
Other income	-	250,955	-
<b>Total income</b>	<b>1,813,174</b>	<b>1,322,298</b>	<b>516,880</b>
<b>Expenses</b>			
Commissions	(91,343)	(15,724)	(9,134)
Costs of website and data	(847,131)	(212,618)	(77,747)
Employment expense	(1,488,422)	(902,161)	(312,327)
Depreciation and amortisation	(482,791)	(498,902)	(239,018)
Occupancy	(118,845)	(98,853)	(22,655)
Marketing	(177,446)	(99,245)	(38,100)
IT and legal	(148,440)	(121,786)	(73,300)
Professional and consulting expenses	(62,224)	(171,106)	(218,000)
Bad debts and provision for doubtful debts	(73,561)	(381)	(4,755)
Impairment expense	(369,216)	-	-
Other expenses	(393,187)	(171,816)	(78,005)
Financial costs	(26,472)	(40,351)	(9,241)
<b>Total expenses</b>	<b>(4,279,078)</b>	<b>(2,332,943)</b>	<b>(1,082,282)</b>
<b>Loss before income tax from continuing operations</b>	<b>(2,465,904)</b>	<b>(1,010,645)</b>	<b>(565,402)</b>
Income tax expense	-	-	-
<b>Loss after income tax from continuing operations</b>	<b>(2,465,904)</b>	<b>(1,010,645)</b>	<b>(565,402)</b>
Profit / (loss) after income tax from discontinued operations	(95,994)	(137,454)	2,324
<b>Loss after income tax expense for the period</b>	<b>(2,561,898)</b>	<b>(1,148,099)</b>	<b>(563,078)</b>
<b>Other comprehensive income / (loss)</b>			
Items that will be reclassified to profit or loss in future periods:			
Foreign currency translation differences	(6,360)	(18,730)	(1,774)
<b>Total comprehensive loss for the period</b>	<b>(2,568,258)</b>	<b>(1,166,829)</b>	<b>(564,852)</b>

Source: REV 2018 and 2019 annual reports, REV interim financial report for half year ended 31 December 2019



## 6.6 Cash flow statements

REV's consolidated statements of cash flows for FY18, FY19 and HY20 are presented in the table below.

**Table 7: Consolidated statements of cash flows of REV**

	Audited FY18 \$	Audited FY19 \$	Reviewed HY20 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)	3,273,911	1,444,076	709,807
Payments to suppliers and employees (inclusive of GST)	(4,930,107)	(2,490,108)	(670,328)
Income tax paid	(22)	-	-
Interest paid	(14,148)	(51,587)	(5,825)
Interest received	1,267	548	75
<b>Net cash provided by / (used in) operating activities</b>	<b>(1,669,099)</b>	<b>(1,097,071)</b>	<b>33,729</b>
<b>Cash flows from investing activities</b>			
Payment for website development	(267,662)	(123,491)	(34,965)
Receipt of research and development claim	160,742	159,098	100,140
Payment for property, plant and equipment	(818)	-	-
Proceeds from disposal of property, plant and equipment	-	1,006	1,139
<b>Net cash provided by / (used in) investing activities</b>	<b>(107,738)</b>	<b>36,613</b>	<b>66,314</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	100,000	550,000	-
Proceeds from issue of shares	1,284,318	681,648	-
Payment for equity raising costs	(99,860)	(26,660)	-
<b>Net cash from financing activities</b>	<b>1,284,458</b>	<b>1,204,988</b>	<b>-</b>
Net movement in cash and cash equivalents	(492,379)	144,530	100,043
Cash and cash equivalents at beginning of the financial period	599,823	107,444	251,974
<b>Cash and cash equivalents at end of the financial period</b>	<b>107,444</b>	<b>251,974</b>	<b>352,017</b>

Source: REV 2018 and 2019 annual reports, REV interim financial report for half year ended 31 December 2019

## 7. Valuation of REV before the Proposed Transaction

### 7.1 Value definition

PKF Corporate's valuation of REV is on the basis of 'fair market value', defined as:

*'the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm's length'.*

### 7.2 Valuation methodologies

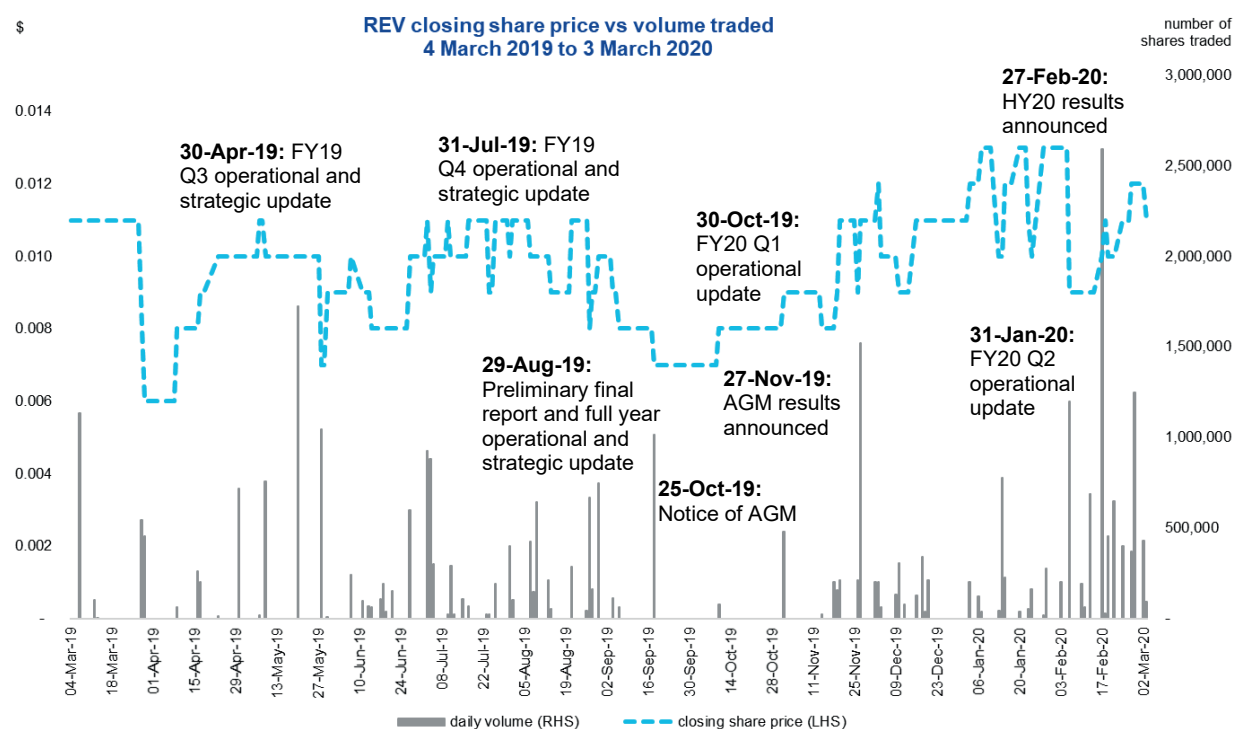
In selecting appropriate valuation methodologies, we considered the applicability of a range of generally accepted valuation methodologies. These included:

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

## 7.3 Share price history

- 7.3.1 The share price history valuation methodology values a company based on the past trading in its shares. We normally analyse the share prices up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any price speculation or price escalations that may have occurred subsequent to the announcement of any proposed transaction.
- 7.3.2 As the share price history of REV will incorporate all publicly available information, we consider that the share price history is an appropriate methodology to consider in assessing the value of a share in REV.
- 7.3.3 We note that the Proposed Transaction was announced on the ASX on 3 March 2020, the same date as the announcement of the trading halt. On that date, the closing share price of REV was \$0.011 per share. Set out on the following page is a graph showing the daily closing share price and volume of REV shares up to the date of the trading halt as well as a selection of market sensitive announcements on the ASX.

**Figure 1: Graph showing movement in REV share price and volume**



Source: Yahoo! Finance, ASX, PKF Corporate analysis

As can be seen from the above graph, REV's share price traded within a tight range of \$0.009 to \$0.013 per share on a relatively low volume from December 2019 up to the date of the trading halt. We note that on certain days there has been no trading in the stock, with 28 days out of the 60-day period leading up to the trading halt on 3 March 2020 having no volume. However, there was significant share trading activity in the 20-day period leading up to the trading halt.

On 6 February 2020, more than 1.2 million REV shares were traded which saw the closing share price fall significantly to \$0.009 per share as compared to \$0.013 per share for the previous day.

On 17 February, more than 2.5 million REV shares were traded which led to a slight increase in closing price to \$0.010 per share as compared to \$0.009 per share for the previous day.

On 28 February 2020, more than 1.2 million REV shares changed hands after the Company announced its financial and operational results for HY20. However, this did not affect its closing share price which remained unchanged as compared to the previous day at \$0.012 per share.

- 7.3.4 We have also examined the recent share price and volume traded in REV shares up to the date the Proposed Transaction was announced to the ASX on 3 March 2020 including the volume weighted average share price (VWAP) of REV shares based on closing daily prices on the ASX for business trading days. We have set out our analysis in the table below.

**Table 8: REV share price analysis**

	Shares Traded		VWAP	Share Price	
	Number	Value		Low	High
5 days to 3 March 2020	2,142,446	\$25,618	\$0.012	\$0.009	\$0.013
10 days to 3 March 2020	3,644,199	\$41,036	\$0.011	\$0.009	\$0.013
20 days to 3 March 2020	8,403,434	\$86,520	\$0.010	\$0.009	\$0.013
30 days to 3 March 2020	9,103,882	\$95,048	\$0.010	\$0.009	\$0.013
60 days to 3 March 2020	11,778,535	\$123,457	\$0.010	\$0.009	\$0.013

Source: Yahoo! Finance, PKF Corporate analysis

As can be seen from the above table, the VWAP calculated has increased over the past 60 business days up to 3 March 2020, driven by the trading volume over the past 20 business days to 3 March 2020 which represented approximately 71% of the trading volume in REV shares over the 60 business day period. The most recent 5-day trading period saw REV shares trade within a range of \$0.009 to \$0.013 per share.

- 7.3.5 As set out in paragraph 6.3.2 of this report, the shareholding of the top 10 shareholders has remained unchanged since 30 August 2019. As such we have concluded:
- the total shares, excluding the shares held by the top 10 shareholders, constitute the 'free float' of REV shares; and
  - the shares held by the top 10 shareholders are not readily tradeable on market and hence do not constitute the 'free float'.

We have also calculated the volume of shares traded in REV over the past 60 business days of the 'free float'. We have set out our analysis in the table below.

**Table 9: Volume of REV shares traded**

		% of free float traded				
		5 days	10 days	20 days	30 days	60 days
Number of shares traded to 3 March 2020		2,142,446	3,644,199	8,403,434	9,103,882	11,778,535
Total shares, excluding 10 top shareholders ('free float')	79,340,124	2.70%	4.59%	10.59%	11.47%	14.85%

Source: Yahoo! Finance, PKF Corporate analysis

- 7.3.6 Based on the above information and our analysis, we consider that the market in REV shares is moderately liquid and have formed the opinion that the REV shares had a market value in a range of \$0.010 to \$0.012 per share as at 3 March 2020.
- 7.3.7 The share prices upon which we have formed our opinion reflect the prices at which minority parcels of shares are traded on a daily basis and, as such, do not incorporate a control premium. Accordingly, we have considered the application of a control premium which represents the difference between the price that would have to be paid for a share to which a controlling interest attaches and the price at which a share which does not carry with it control of REV could be acquired.
- 7.3.8 In assessing the control premium to be applied to the share price of REV, we have relied on the relevant matrix from the RSM Control Premium Study – 2017 applicable to REV and summarised in the table below.

**Table 10: Control premium**

Analysis by	Criteria	Control premium 20 days pre-announcement	
		Average	Median
All transactions		34.50%	27.00%
Industry	Telecommunications, IT & Software	46.20%	30.90%
Consideration type	Scrip	30.70%	19.70%
Toehold prior to announcement	0%	29.85%	22.81%
Size	<=\$25m	46.80%	34.20%

Source: RSM Control Premium Study – 2017

- 7.3.9 The actual control premium paid is transaction specific and depends on a range of factors, such as the level of synergies available to the purchaser, the level of competition for the assets and the strategic importance of the assets. We note that the above research sets out statistical information about actual control premia paid and, as such, includes an unknown uplift on account of potential acquisition synergy benefits. We are of the opinion that the control premium in a transaction that did not include expected synergies would be lower.
- 7.3.10 After considering the above, we have applied a control premium in a range of 20% to 29% to the minority share price of one REV share in a range of \$0.010 to \$0.012 per share. We have summarised the results of this calculation in the table below.

**Table 11: Value of a REV share – share price methodology**

	Low		High	
Value per REV share (minority basis)	\$	0.0100	\$	0.0120
Control premium		20%		29%
<b>Value per REV share (control basis)</b>	<b>\$</b>	<b>0.0120</b>	<b>\$</b>	<b>0.0155</b>

Source: PKF Corporate analysis

- 7.3.11 Having regard to the above, we have concluded that the control value of a REV share before the Proposed Transaction as assessed under the share price valuation methodology is in a range of **\$0.0120 (1.20 cents) to \$0.0155 (1.55 cents) per share.**

#### **7.4 Capitalisation of future maintainable earnings**

- 7.4.1 Capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use 'Earnings before Interest and Tax', or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business. Another variation to EBIT includes 'Earnings before Interest, Tax, Depreciation and Amortisation', or EBITDA.
- 7.4.2 As REV does not have a history of profitable trading and has recorded significant losses in FY18, FY19 and HY20, we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value the REV shares.

## 7.5 Net present value of future cash flows

- 7.5.1 An analysis of the net present value of the projected cash flows of a business and/or asset (or discounted cash flow technique) is based on the premise that the value of the business and/or asset is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business and/or asset remaining at the end of the forecast period.
- 7.5.2 We note that REV generated negative cash flows in FY18, and that it generated positive cash flows in FY19 because of its ability to raise funds. Further, we note that REV generated negative cash flows from its operating activities in both FY18 and FY19 (refer to section 6.6 of this report). As such, there is insufficient certainty as to the cash flows that may be derived in the near future.
- 7.5.3 Accordingly, the net present value of future cash flows methodology cannot be used to value the REV shares.

## 7.6 Asset based methods

This methodology is based on the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:

### (a) Net assets

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses that periodically revalue their assets to market. 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.

We note that as at 31 December 2019:

- a. The Company had a working capital deficiency of \$630,328 and a net liability of \$399,062. It had intangible assets with a book value of \$251,553 on its balance sheet (refer to section 6.4 of this report), which reflected the unamortised costs for building its website. Accordingly, the net asset backing of REV does not attribute any value to any other intangible assets of REV such as its technology assets; and
- b. The current liabilities included related party payables of \$434,645 to current Directors of the Company. We understand that each Director agreed that the repayment of these amounts will not be called upon, for a period of at least 12 months after the signing of the financial report for HY20 as it would affect the solvency of the Company and jeopardise its ability to pay its debts as and when they fell due. Furthermore, the Directors agreed to accept up to 100% of their base directors' fees in REV shares.

Further, we also note that:

- c. REV's total operating revenue decreased 40% from approximately \$1.8 million in FY18 to approximately \$1.1m in FY19 (refer to section 6.5 of this report). Revenue for the half year ended 31 December 2019 decreased 14% compared to the same period in the previous financial year;
- d. The Company has incurred substantial losses after tax for FY18, FY19 and HY20 (refer to section 6.5 of this report);
- e. During FY19, the Company discontinued the operations of its loss-making property transaction business unit due to unfavourable macro-economic conditions, and focused on turning around the SaaS business unit;

- f. Management represent that the SaaS business continues to operate profitably on a standalone basis, after excluding corporate overhead expenses and depreciation and amortisation expense;
- g. The independent auditor's review report for the half year ended 31 December 2019 expressed a material uncertainty regarding going concern which casts significant doubt on REV's ability to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report as that date; and
- h. The premise of the net asset approach is that REV is worth the book value of its net tangible assets at a point in time and, as such, does not attribute any value to any intangible assets of REV. In our opinion, software and technology companies are typically valued at a significant premium to their respective net tangible asset backing and, as such, this suggests that a potential acquirer would place a significant value on the intangible assets of technology companies such as REV.

After considering all the above factors, and notwithstanding the profitability of the SaaS business on a standalone basis and the financial support from current Directors, we do not consider this methodology to be appropriate to value REV.

(b) Orderly realisation of assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

In an orderly realisation, the REV shareholders would be left with cash and a listed corporate shell which could be used to acquire a new business. We consider this methodology to be more appropriate considering the reasoning included in part (a) above.

The most recent available balance sheet of REV is as at 31 December 2019 and has been extracted from the reviewed consolidated financial statements and presented below with adjustments to reflect the orderly realisation of assets methodology.

**Table 12: Orderly realisation of assets**

		Reviewed 31-Dec-19	Realisable Value	
notes	Estimated		Estimated	
	Low		High	
		\$	\$	
Assets				
Current assets				
Cash and cash equivalents	1	352,017	304,000	304,000
Receivables	2	319,295	191,577	255,436
Prepayments	3	85,256	-	-
Total current assets		756,568	495,577	559,436
Non-current assets				
Plant and equipment	4	3,638	2,183	2,910
Intangible assets	5	251,553	-	-
Total non-current assets		255,191	2,183	2,910
Total assets		1,011,759	497,760	562,346
Liabilities				
Current liabilities				
Trade and other payables	6	1,330,987	1,330,987	1,330,987
Provision for employee entitlements	6	55,909	55,909	55,909
Total current liabilities		1,386,896	1,386,896	1,386,896
Non-current liabilities				
Trade and other payables	6	23,925	23,925	23,925
Total non-current liabilities		23,925	23,925	23,925
Total liabilities		1,410,821	1,410,821	1,410,821
Net assets (liabilities)		(399,062)	(913,061)	(848,475)
Add: Estimated value of a listed shell	7		1,000,000	1,500,000
Less: Estimated realisation costs	8		(25,000)	(30,000)
Net realisable assets			61,939	621,525
		Say	62,000	622,000
Number of REV shares on issue			233,205,108	233,205,108
Value per share			\$ 0.0003	\$ 0.0027

Source: REV interim financial report for half year ended 31 December 2019, ASX filing, PKF Corporate analysis

**Note 1** – Cash balance as at 31 March 2020 per Appendix 4C – ‘Quarterly cash flow report’ filed by the Company with ASX.

**Note 2** – We have assumed that between 60% (low scenario) and 80% (high scenario) of the book value of receivables would be recovered in an orderly realisation.

**Note 3** – We have assumed that prepayments made for unreceived goods and services will not be recovered.

**Note 4** – We have assumed that between 60% (low scenario) and 80% (high scenario) of the book value of office equipment would be recovered in an orderly realisation.

**Note 5** – We have ascribed no value to the intangible assets as they represent unamortised costs for building the website.

**Note 6** – We have assumed the trade and other payables as well as employee entitlements will be paid in full.



**Note 7** – Estimated value of REV as a listed entity on the ASX – there is currently no reliable market data on the value of a listed company that can be used for a change of business activity with new large shareholders, however our past experience together with discussions with several entrepreneurs indicate that the value is in a wide range of \$100,000 to \$2,000,000 depending on the following factors:

- whether the entity is currently listed or unlisted;
- spread of shareholders with marketable parcels;
- whether all statutory obligations in respect of audited accounts, tax returns etc are current;
- whether there is outstanding litigation or contingent liabilities;
- whether all outstanding creditors have been paid or legal agreements are in place to satisfy the settlement of all of their claims; and
- the amount of cash that is held in the entity at the date of the proposed restructure.

After considering all of the above factors, we have placed a value in a range of \$1,000,000 to \$1,500,000 on the REV listed shell.

**Note 8** – We do not consider that there will be substantial realisation costs to account for in completing an orderly realisation of assets as the REV assets are cash, receivables and office equipment. We have allowed for realisation costs in a range of \$25,000 to \$30,000.

Based on the net asset orderly realisation valuation methodology, the value of REV is in a range of say \$62,000 to \$622,000. As REV has 233,205,108 ordinary shares on issue, the REV shares have a net asset backing of **\$0.0003 (0.03 cents) to \$0.0027 (0.27 cents) per share** on a control basis.

(c) Liquidation of assets

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

In view of the Proposed Transaction, we do not consider a liquidation of assets approach to be appropriate.

## 7.7 Comparable market transactions

- 7.7.1 Industry specific methods estimate market values using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of an asset than other valuation methods because they may not account for specific factors.
- 7.7.2 It is common for software and technology companies, in particular those with recurring revenues such as SaaS based revenues, to be valued using a current and forward-looking revenue multiple. Typically, the revenue multiples are applied to the Annual Recurring Revenue (ARR) of the company.
- 7.7.3 REV does not segregate its revenues between recurring and non-recurring revenue. It generates revenues from the sale of subscriptions of premium investment property tools to members on a monthly or annual basis (see section 6.1 of this report). The subscription revenue is recognised over the period over which the services are provided to the member.
- 7.7.4 REV achieved subscription revenue of approximately \$1 million for FY19 and \$0.5 million for HY20. We have set out in the table below the monthly average recurring revenue based on historical financial information.



**Table 13: Annual recurring revenue for REV**

ARR	Audited FY17 \$	Audited FY18 \$	Audited FY19 \$	Reviewed HY20 \$
Revenue	3,229,617	1,780,447	1,032,981	516,805
Monthly average	269,135	148,371	86,082	86,134

Source: REV 2018 and 2019 annual reports, REV interim financial report for half year ended 31 December 2019, PKF Corporate analysis

- 7.7.5 We note that the monthly average recurring revenue decreased significantly from approximately \$269k in FY17 to approximately \$86k in FY19 primarily due to decrease in number of paying subscribers. The monthly average revenue for HY20 was similar to FY19 at approximately \$86k.
- 7.7.6 In order to assess the ARR of REV, we have considered the current ARR based on the past 12 months actual revenues up to December 2019 based on a monthly average of say \$86k. This results in current ARR of \$1.032 million (\$86,000 × 12 months).
- 7.7.7 In order to determine an appropriate revenue multiple to apply to REV's current ARR, we have considered listed revenue multiples of comparable companies and revenue multiples from precedent transactions. The distinction to be drawn between these two sources of evidence is that transaction multiples are usually sourced from transactions that involve a change of control (control value basis) whereas listed company trades are minority trades (minority value basis).
- 7.7.8 We have focused our multiples research and analysis on comparable Australian companies into the property technology and real estate services industries. We have detailed our search results and analysis in Appendix C of this report.
- 7.7.9 The multiples of the comparable companies are derived from the market capitalisation that is based on the share price as at 30 June 2020. As mentioned previously in section 7.3, share prices reflect trades of small parcels of shares that do not incorporate a control premium. In assessing the control premium to be applied to the market capitalisation of comparable companies, we have again relied on the relevant matrix from the RSM Control Premium Study – 2017 summarised in table 10 in section 7.3 and applied a control premium in the range of 20% to 29%. We have set out the results in the table below.

**Table 14: Current revenue multiples**

Control premium	Current revenue multiples		
	Average	Median	Average <sup>1</sup>
0%	6.4	4.9	5.7
20%	7.7	6.0	6.9
29%	8.3	6.5	7.4

Source: S&P Capital IQ, PKF Corporate analysis

<sup>1</sup> represents the average of the average and median EBITDA multiples

- 7.7.10 Given the sharp decline in global equity markets over the past few months, there have been potential impacts of COVID-19 on asset valuations. However, some sectors have been impacted more than others. Based on a recent publication by PwC<sup>1</sup>, the information technology sector was one of the least impacted sectors based on implied changes in earnings yield from 31 December 2019 to 31 March 2020. The PwC publication concludes that the ASX started to fall and volatility indices started to increase around late February 2020. Considering this research, we have not made adjustments for the potential impact of COVID-19.

<sup>1</sup> Adjusting for COVID-19 in valuations, Insights as at 31 March 2020

7.7.11 As can be seen from our research set out in Appendix C of this report, we note that there is some correlation between the size of the comparable companies and their ability to generate profitable earnings at an EBITDA level. Within the comparable group, we note the following:

- the top 3 companies by market capitalisation viz. REA Group Limited, Technology One Limited and Domain Holdings Australia Limited are more mature companies and significantly bigger in size in comparison to the other companies, with market capitalisation in excess of \$1 billion. These are the only companies generating profitable earnings at an EBITDA level in the comparable group and have significantly higher revenue multiples;
- the 4<sup>th</sup> largest company, RMA Global Limited, has market capitalisation of approximately \$113 million. It is loss-making at an EBITDA level and its current revenue multiple of 14.7 is more than twice the average of the group;
- the smallest company, Asset Owl Limited, has market capitalisation of only \$3.4 million with revenue less than \$50k. Its current revenue multiple of 207 is significantly higher than the average of the group and is not considered to be representative of the group; and
- the other 5 companies in the group have market capitalisation between \$10 million and \$50 million. However, none of them are profitable at an EBITDA level and have current revenue multiples ranging from 0.7 to 4.9. The average current revenue multiple of this sub-set is 2.1 with a median of 0.6.

Further we note that REV being a listed entity, its market capitalisation before suspension on 3 March 2020 was \$2.6 million with a current revenue multiple of 2.2.

7.7.12 The trading multiples in Appendix C of this report are derived from the market capitalisation that is based on share prices. Share prices reflect trades of small parcels of shares that trade daily and do not incorporate a control premium i.e. they are on a minority basis.

7.7.13 Shares in listed companies are readily marketable and therefore liquid. They are also considered to be less risky due to stronger financial reporting disciplines imposed by public scrutiny. An investment in an unlisted company is less valuable than an investment in a listed company due to a lack of marketability, which supports a discount to reduce the listed multiples to an unlisted multiple. Shareholders, whether controlling or non-controlling, in a private company have no ready market for their shares. As such, they do not have the ability to quickly, at low cost, and with some degree of certainty, convert their shareholding to cash. The lack of marketability of a controlling shareholder is due to the absence of a ready private market and the transaction costs to achieve liquidity through either a sale or a public offering.

7.7.14 Since REV is a publicly listed company with moderate liquidity (see section 7.3 of this report), we have not applied a discount for lack of marketability.

7.7.15 The comparable companies that we relied upon to assess a multiple are much larger than REV as they operate in multiple markets with additional product and service offerings. Shares in larger companies tend to be more valuable which supports a further discount to allow for size and access to capital not enjoyed by smaller private companies. The smaller the size of the business the less diversity of clients and the lower the income flows and, therefore the greater risk for the equity holders.

7.7.16 Pepperdine University have published their 'Private Capital Markets Project' survey for 2020 and in that survey, they include an analysis of median deal multiples by EBITDA size of company. Grant Thornton have also published their 'Dealtracker 2019 Australian M&A and IPO market insights' report and in that report, they include an analysis of median deal multiples by revenue size of company. We have set out in the table below the implied discount for size from these publications.

**Table 15: Discount for size – REV**

Publication	Key Criteria <sup>1</sup>	EBITDA multiples		Size Discount
		Low	High	
2020 Private Capital Markets Report	Information technology EBITDA range <\$1m vs \$50m+	4.5	10.0	55%
2019 Dealtracker	Revenue range <\$20m vs \$100m to \$200m	6.1	10.1	40%

Source: Pepperdine University, Grant Thornton, PKF Corporate analysis

<sup>1</sup> selected based on the projected FY20 financial performance of REV and the average of the comparable companies

- 7.7.17 After considering the on average much larger size of the comparable companies to REV and the above research, we have applied a size discount of 45% to 50%.
- 7.7.18 After application of the information in paragraphs 7.7.7 to 7.7.16 of this report, we have set out our calculations in the table below of the resultant multiples.

**Table 16: Revenue multiples – REV**

	Current	
	Low	High
Basket of companies including a 20% to 29% control premium	6.9	7.4
Discount for size	50%	45%
Revised multiple range	3.4	4.1

Source: PKF Corporate analysis

- 7.7.19 We have also set out our research on precedent revenue transaction multiples in Appendix D of this report. We note that there are limited transactions in the property technology and real estate services industries in Australia with publicly disclosed information on transaction metrics. Consequently, we have widened our subset of precedent comparable transactions to include those in the application software and online services industries.
- 7.7.20 Based on our research set out in Appendices C and D of this report as well as the above comments and analysis, we have adopted current revenue multiples in a range of 3.5 to 4.0.
- 7.7.21 We have set out in the table below our assessment of the enterprise value of REV.

**Table 17: Enterprise value of REV**

	Current	
	Low	High
ARR	\$1,032,000	\$1,032,000
Revenue multiple	3.5	4.0
<b>Enterprise value</b>	<b>\$3,612,000</b>	<b>\$4,128,000</b>

Source: PKF Corporate analysis

- 7.7.22 Having regard to the above calculations, we have assessed the enterprise value of REV to be in a range of \$3.612 million to \$4.128 million under the comparable market transactions approach.
- 7.7.23 The assessed enterprise value of REV must be adjusted for non-operating assets and net debt (cash and interest-bearing liabilities) in order to arrive at the equity value of REV. We have set out in the table below our assessment of the equity value of REV.

**Table 18: Equity value of REV**

	notes	Low \$	High \$
Enterprise value		3,612,000	4,128,000
Add: cash	1	304,000	304,000
Less: debt	2	(853,662)	(853,662)
<b>Equity value</b>		<b>3,062,338</b>	<b>3,578,338</b>

Source: PKF Corporate analysis

**Note 1** – Cash balance as at 31 March 2020 – refer note 1 to table 12 in section 7.6 (b).

**Note 2** – Amounts owed to Directors and executives for unpaid remuneration and other entitlements, as per the draft Notice of General Meeting.

7.7.24 Having regard to the above, we have assessed the equity value of REV under the comparable market transactions approach to be in a range of **\$0.0131 (1.31 cents) to \$0.0153 (1.53 cents) per share** on a control basis as shown in the table below.

**Table 19: Equity value per REV share**

	Low	High
Total equity value	\$ 3,062,338	\$ 3,578,338
Number of equity shares	233,205,108	233,205,108
<b>Equity value per share</b>	<b>\$ 0.0131</b>	<b>\$ 0.0153</b>

Source: PKF Corporate analysis

## 7.8 Alternate acquirer

7.8.1 The value that an alternative offeror may be prepared to pay to acquire REV is a relevant valuation methodology to be considered.

7.8.2 We are not aware of any offers for REV shares and we can see no reason as to why an offer would be initiated at this time without the consent and support of its shareholders.

## 7.9 Conclusion – value per share of REV

7.9.1 The applicable valuation methodologies that we have considered are summarised in the table below.

**Table 20: Valuation summary of REV**

	section	Low \$	High \$
Share price history	7.3	0.0120	0.0155
Orderly realisation of assets	7.6	0.0002	0.0021
Comparable market transactions	7.7	0.0131	0.0153

Source: PKF Corporate analysis

7.9.2 As can be seen from the above table, there is a clear disconnect between the valuation of REV from the orderly realisation of assets methodology as compared to the share price history and the comparable market transactions methodologies. The range from the comparable market transactions methodology falls within the broader range from the share price history methodology.

The share price methodology is based on recent transactions in REV shares. This is a sound valuation methodology and since REV shares have moderate liquidity, we consider this methodology provides a reasonable basis for assessing the value of a REV share.

The orderly realisation of assets methodology is based on a detailed analysis of the assets owned by REV as well as the value attributed to a corporate listed shell, however, it does not reflect the market value of intangible assets of REV.

The comparable market transactions approach is based on actual market evidence of trading revenue multiples in the universe of Australian companies in the property technology and real estate services industries, as well as precedent transaction multiples in the universe of property technology, application software, online services and real estate services industries. Accordingly, we have concluded that this methodology provides current market evidence that can be relied upon in assessing the value of REV.

- 7.9.3 After considering our comments above and the results of the share price history and comparable market transaction methodologies, we have concluded that the value of one REV share lies in range of **\$0.0120 (1.20 cents) to \$0.0155 (1.55 cents) per share, with a mid-point of \$0.0137 (1.37 cents) per share, on a control basis**. This range is based on the share price history method and also includes the range from the comparable market transactions method.

## 8. RECRM, CAPL and Vault – Key Information

### 8.1 Background – RECRM

- 8.1.1 RECRM is an unlisted private company registered in Victoria. It is a special purpose vehicle (SPV) that was incorporated on 13 February 2020 in order to:
- facilitate the acquisition of both CAPL and Vault; and
  - raise approximately \$6.2 million of cash for the following purposes:
    - \$5 million up-front payment for CAPL;
    - \$1 million for working capital; and
    - the balance for transaction costs and fees.
- 8.1.2 RECRM raised \$6,225,012 by issuing 6,225,012 fully paid ordinary shares at \$1 each to a number of sophisticated and institutional investors, including entities controlled by REV directors.
- 8.1.3 A share sale agreement for the acquisition of shares in CAPL was signed between Domain and RECRM on 3 March 2020, and a share purchase agreement for the acquisition of shares in Vault was signed between Vault and RECRM on 12 March 2020. We have been advised that both transactions were completed on an arm's length basis. The transaction for the acquisition of CAPL shares was settled for cash consideration whereas the transaction for the acquisition of Vault shares was settled by issue of RECRM shares.
- 8.1.4 Following the above transactions, RECRM plans to merge the operations of CAPL and Vault to provide MyDesktop customers with a seamless transition to Vault's next generation Vault RE CRM platform with access to inbuilt property management and commercial real estate functionality.
- 8.1.5 The combined customer base would consist of a mix of franchisor, franchisee, smaller networks and individual offices in the real estate sector across Australia, New Zealand and the United Kingdom. The top clients would include Ray White franchise group across Australia, New Zealand and Indonesia, as well as Raine & Horne and Elders Real Estate.
- 8.1.6 REV entered into an Implementation Deed with RECRM on 3 March 2020 to complete the Acquisition which will see REV issue Consideration Shares to acquire all of the shares on issue in RECRM from its shareholders.
- 8.1.7 Following RECRM's transaction with Vault, the directors and key executives of RECRM are listed in the table below.

**Table 21: Directors and key executives of RECRM**

Name	Position
<b>Directors</b>	
Simon Baker	Non-Executive Chairman
Joseph Hanna	Chief Executive Officer and Executive Director
Scott Wulff	General Manager of CRM and Executive Director
Sam Plowman	Non-Executive Director
<b>Other key executives</b>	
Michael Fiorenza	Chief Financial Officer
Adam Campbell	Chief Technology Officer
David James	General Manager - Rentfind Inspector
Christian Scandurra	General Manager - United Kingdom
Matthew Healy	Technology Director

Source: PKF Corporate analysis, Draft NOM

### 8.2 Share capital – RECRM

- 8.2.1 As mentioned in section 8.1, RECRM was incorporated by the issue of 6,225,012 fully paid ordinary shares to sophisticated and professional investors for \$1 each share. It issued a further 10 million shares to the shareholders of Vault to complete the acquisition of Vault.

8.2.2 The major shareholders of RECRM after the acquisition of Vault are presented in the table below. We note that the top 10 shareholders hold 73.1% of the issued ordinary capital of RECRM.

**Table 22: Major shareholders of RECRM**

Shareholder	Number of shares held	Percentage
HB Super Holdings Pty Ltd	1,500,000	9.2%
Propplat Pty Ltd	1,435,483	8.8%
Lawson Macnee Pty Ltd	1,249,982	7.7%
Real Estate Institute of Western Australia	1,249,982	7.7%
A & N Campbell Pty Ltd	1,216,522	7.5%
David Langley James	1,216,522	7.5%
Scott Wulff	1,161,287	7.2%
Matthew John Healy	1,139,877	7.0%
Sam Antony Sidney Plowman	998,153	6.2%
National Nominees Limited	700,000	4.3%
<b>Sub-total - top 10 shareholders</b>	<b>11,867,808</b>	<b>73.1%</b>
Other shareholders	4,357,204	26.9%
<b>Total</b>	<b>16,225,012</b>	<b>100.0%</b>

Source: ASIC extract dated 22 May 2020

### 8.3 Statement of financial position – RECRM

RECRM's standalone pro forma statement of financial position as at 12 March 2020 after signing the agreements with CAPL and Vault mentioned in section 8.1.4 is presented in the table below.

**Table 23: Pro forma statement of financial position of RECRM**

	notes	Pro forma 12-Mar-20 \$
<b>Current assets</b>		
Cash	1	1,225,012
<b>Total current assets</b>		<b>1,225,012</b>
<b>Non-current assets</b>		
Investment in CAPL	2	7,000,000
Investment in Vault	3	10,000,000
<b>Total non-current assets</b>		<b>17,000,000</b>
<b>Total assets</b>		<b>18,225,012</b>
<b>Non-current liabilities</b>		
Deferred consideration	4	2,000,000
<b>Total non-current liabilities</b>		<b>2,000,000</b>
<b>Total liabilities</b>		<b>2,000,000</b>
<b>Net assets / (liabilities)</b>		<b>16,225,012</b>
<b>Equity</b>		
Contributed equity	5	16,225,012
<b>Total equity</b>		<b>16,225,012</b>

Source: REV, PKF Corporate analysis

**Note 1** – Cash balance after payment of upfront cash consideration of \$5million for CAPL from capital raised \$6,225,012.

**Note 2** – Represents the total amount of upfront cash consideration of \$5 million paid and deferred cash consideration of \$2 million payable for CAPL. It does not include the additional contingent consideration of up to \$7 million referred to in section 8.4 which follows.



**Note 3** – Represents the amount of consideration paid for Vault i.e. 10 million RECRM shares at an issue price of \$1 per RECRM share.

**Note 4** – Amount of deferred consideration for CAPL, payable one year after completion.

**Note 5** – Total number of shares include 6,225,012 shares issued to raise capital, as well as 10 million shares issued to shareholders of Vault.

## 8.4 Background – CAPL

8.4.1 CAPL, trading as MyDesktop, operates MyDesktop, a sales CRM software for real estate agents in Australia, New Zealand and Indonesia. It is a proprietary company limited by shares, incorporated and domiciled in Australia.

8.4.2 MyDesktop was founded in 1997 by Scott Wulff and Adam Campbell in collaboration with the real estate industry. It currently provides services to approximately 3,000 real estate offices. Its core software product enables agents to manage an array of 'front office' and workflow activities including relationship management, listings & sales management, eMarketing, analytics and office management. The majority of CAPL's revenue comes from MyDesktop's core recurring subscription-based software products.

8.4.3 Prior to its acquisition by RECRM, CAPL was a wholly owned subsidiary of Domain. Fairfax Media Group (the prior owners of Domain) acquired a 50% stake in CAPL in 2007, followed by a subsequent acquisition of the remaining 50% in 2010.

8.4.4 On 3 March 2020, a share sale agreement for the acquisition of shares in CAPL was signed between Domain and RECRM on an arm's length basis. Under the terms of the agreement, the total cash consideration agreed was \$14 million, of which \$7 million is contingent on achievement of a number of conditions in 2021. Of the remaining \$7 million, \$5 million has been paid up-front on the completion date, with the remaining \$2 million deferred for a year after the completion date. We note that the \$2 million deferred consideration is due on 13 March 2021.

8.4.5 The conditions on which the contingent consideration of \$7 million is based on are described below. They include retention of the custom of one client, Ray White, and other clients.

The Ray White condition is divided further into sub-tests based on geography. We understand that the sub-tests below are not interdependent i.e. one sub-test is capable of being satisfied even if another sub-test is not satisfied. The total contingent consideration payable on satisfaction of all sub-tests is \$3 million, with the payment date being on or about 30 August 2021.

- (i) *Ray White Australia sub-test*: this sub-test would be considered satisfied if, as at 30 June 2021, Ray White has provided (and not withdrawn) a written confirmation to RECRM that it intends to continue to remain a customer of CAPL or REV/RECRM/their related entities, and has either:
  - a) renewed its existing contract for a further additional term of 12 months from 30 June 2021; or
  - b) entered into a new contract with CAPL or REV or RECRM or any of their related entities for a minimum term of 12 months from 30 June 2021.

The contingent consideration payable on satisfaction of this condition is \$2,433,429.

- (ii) *Ray White NZ sub-test*: this sub-test would be considered satisfied if, as at 30 June 2021, either:
  - a) the existing Ray White NZ arrangement remains on foot or a substantially similar arrangement in respect of the MyDesktop CRM or any other CRM of REV/RECRM/their related entities is in place; or
  - b) the Ray White NZ corporate office (or another Ray White corporate level or head office (or similar) representative entity in relation to Ray White NZ offices) has entered into a new contract or arrangement with CAPL or REV/RECRM/their related entities.

The contingent consideration payable on satisfaction of this condition is \$426,099.



- (iii) *Ray White Indonesia sub-test*: this sub-test would be considered satisfied if, as at 30 June 2021, either:
- a) the existing Ray White Indonesia contract remains on foot or a substantially similar arrangement in respect of the MyDesktop CRM or any other CRM of REV/RECRM/their related entities is in place; or
  - b) Ray White Indonesia (or another Ray White corporate level or head office (or similar) representative entity in relation to Ray White Indonesia offices) has entered into a new contract or arrangement with CAPL or REV/RECRM/their related entities.

The contingent consideration payable on satisfaction of this condition is \$140,472.

The other client retention consideration is payable based on the percentage of other customers retained. The other client retention test provides for the calculation of the percentage of existing customers of CAPL generating subscription revenue of at least \$50 per month (excluding GST) who have been retained (excluding Ray White Australia, NZ and Indonesia, and Raine & Horne) as at 31 January 2021. No contingent consideration would be payable if this percentage is below 60%. Where the percentage is greater than 60%, an incremental amount on a straight-line proportionate basis would be payable, based on the following formula:

$\$160,000 \times [\text{Percentage of customers retained (rounded to the nearest 0.01\%)} \text{ less } 60\%]$ , both taken as a whole number.

In any case, the maximum amount of contingent consideration payable on satisfaction of this test is \$4 million, with the payment date being on or about 28 February 2021.

- 8.4.6 Following the transaction with RECRM, all 20,000 ordinary shares in CAPL are now owned directly by RECRM, with Sam Plowman and Joseph Hanna appointed as Directors.
- 8.4.7 We understand that there are no ordinary shares of CAPL under option.

## 8.5 Statements of financial position – CAPL

CAPL's statements of financial position as at 30 June 2018, 30 June 2019 and 31 December 2019 are presented in the table below.

**Table 24: Statements of financial position of CAPL**

	Audited 30-Jun-18 \$	Audited 30-Jun-19 \$	Reviewed 31-Dec-19 \$
<b>Current assets</b>			
Cash and cash equivalents	801,871	1,568,433	168,760
Trade and other receivables	411,811	321,865	226,474
Receivable from Domain	5,124,473	5,804,816	5,399,026
<b>Total current assets</b>	<b>6,338,155</b>	<b>7,695,114</b>	<b>5,794,260</b>
<b>Non-current assets</b>			
Deferred tax asset	6,881	5,756	4,235
<b>Total non-current assets</b>	<b>6,881</b>	<b>5,756</b>	<b>4,235</b>
<b>Total assets</b>	<b>6,345,036</b>	<b>7,700,870</b>	<b>5,798,495</b>
<b>Current liabilities</b>			
Trade and other payables	66,213	58,841	43,360
Provision for income tax	943,381	678,923	323,525
Other current liabilities	5,447	5,820	-
<b>Total current liabilities</b>	<b>1,015,041</b>	<b>743,584</b>	<b>366,885</b>
<b>Non-current liabilities</b>			
Deferred tax liability	-	12,152	711
<b>Total non-current liabilities</b>	<b>-</b>	<b>12,152</b>	<b>711</b>
<b>Total liabilities</b>	<b>1,015,041</b>	<b>755,736</b>	<b>367,596</b>
<b>Net assets / (liabilities)</b>	<b>5,329,995</b>	<b>6,945,134</b>	<b>5,430,899</b>
<b>Equity</b>			
Issued capital	20,000	20,000	20,000
Retained earnings	5,309,995	6,925,134	5,410,899
<b>Total equity</b>	<b>5,329,995</b>	<b>6,945,134</b>	<b>5,430,899</b>

Source: CAPL 2018 and 2019 annual reports, CAPL interim financial report for half year ended 31 December 2019

## 8.6 Operating performance – CAPL

CAPL's statements of profit or loss for FY18, FY19 and HY20 are presented in the table below.

**Table 25: Statements of profit or loss of CAPL**

	Audited FY18 \$	Audited FY19 \$	Reviewed HY20 \$
<b>Income</b>			
Revenue			
SaaS	7,506,701	7,830,054	3,891,114
Other revenue	1,600,432	1,211,834	546,045
Sub-total - commercial revenue	9,107,133	9,041,888	4,437,159
Other income	42	44,268	2,227
<b>Total income</b>	<b>9,107,175</b>	<b>9,086,156</b>	<b>4,439,386</b>
<b>Expenses</b>			
Data and production costs	(1,389,802)	(1,717,954)	(972,928)
Employee benefits expense	(2,850,754)	(2,772,217)	(1,517,150)
Occupancy expenses	(181,263)	(187,384)	(93,692)
General and administration expenses	(280,514)	(241,941)	(74,143)
Other expenses	(113,635)	(17,544)	(4,871)
<b>Total expenses</b>	<b>(4,815,968)</b>	<b>(4,937,040)</b>	<b>(2,662,784)</b>
<b>EBITDA</b>	<b>4,291,207</b>	<b>4,149,116</b>	<b>1,776,602</b>
Depreciation and amortisation	(1,169,542)	(1,841,777)	(731,254)
<b>Profit before income tax from continuing operations</b>	<b>3,121,665</b>	<b>2,307,339</b>	<b>1,045,348</b>
Income tax expense	(936,499)	(692,200)	(313,604)
<b>Profit after income tax from continuing operations</b>	<b>2,185,166</b>	<b>1,615,139</b>	<b>731,744</b>

Source: CAPL 2018 and 2019 annual reports, CAPL interim financial report for half year ended 31 December 2019

## 8.7 Background – Vault

8.7.1 Vault was established in 2017 by the original founders of MyDesktop, Scott Wulff and Adam Campbell. It is a provider of the next generation of all-in-one real estate agency software called VaultRE. VaultRE provides sales CRM, property management and commercial real estate software tools for Australian and New Zealand real estate agents.

8.7.2 MyDesktop was launched in 1997 and was built using the technology available at the time. As a result, it has limited capability to expand beyond its existing sales CRM functionality, and incorporating a rental property management module into such a product would require a significant technology rebuild. When it was developed in 2017, VaultRE had the opportunity to start with a 'clean slate' and employ the knowledge from 20 years running MyDesktop. This has enabled VaultRE to incorporate the latest sales CRM functionality as well as a rental property management system into a single platform.

8.7.3 Some of the key technical elements of the VaultRE platform include:

- Modern technology stack built from the ground up;
- Enterprise grade;
- Highly scalable, high availability stateless architecture;
- Leveraging Artificial Intelligence (AI), data mining and machine learning; and
- Cross platform and multi-device support.

8.7.4 We understand that Vault has gained market share rapidly in Australia and New Zealand since it was established and has a growing list of agency customers in the United Kingdom after launching its technology in that geography in November 2019.

8.7.5 The key executives of Vault before its acquisition by RECRM are listed in the table below.

**Table 26: Key executives of Vault**

Executive	Position
Scott Wulff	Chief Executive Officer
Adam Campbell	Chief Technology Officer
David James	Commercial Director
Matthew Healy	Technology Director

Source: REV

8.7.6 The major shareholders of Vault before its acquisition by RECRM are presented in the table below.

**Table 27: Major shareholders of Vault**

Shareholder	Number of shares held	Percentage
Real Estate Institute of Western Australia	17,222	12.5%
Lawson McNee Pty Ltd	17,222	12.5%
A & N Campbell Pty Ltd	16,761	12.2%
Scott Wulff ATF Wulff Family Trust	16,000	11.6%
David Langley James ATF TBP Family Trust	15,000	10.9%
Propplat Pty Ltd	6,000	4.4%
RI & HI Pty Ltd	5,855	4.2%
Yol Pty Ltd ATF S & J Plowman Trust	5,000	3.6%
Melania Nominees Pty Ltd ATF A & L Demos Family Trust	5,000	3.6%
Lymer Pty Ltd ATF Smith Family Trust	5,000	3.6%
<b>Sub-total - top 10 shareholders</b>	<b>109,060</b>	<b>79.2%</b>
Other shareholders	28,718	20.8%
<b>Total</b>	<b>137,778</b>	<b>100.0%</b>

Source: Share purchase agreement with RECRM dated 12 March 2020

8.7.7 On 12 March 2020, a share purchase agreement for the acquisition of all 137,778 shares in Vault was signed between Vault and RECRM. The transaction was settled at a price of \$10 million by issue of 10 million fully paid ordinary shares in RECRM at an at an issue price of \$1 per RECRM share.

8.7.8 As part of the acquisition of Vault, RECRM also acquired ownership and control of:

- Rentfind Technologies Pty Ltd, a private company incorporated on 15 November 2013, which is a digital property inspection tool called Rentfind Inspector operating in Australia and the United Kingdom;
- Clientvault UK Pty Ltd, a private company incorporated in the United Kingdom. This entity operates the UK operations for Rentfind Inspector and VaultRE;
- Clientvault Pty Ltd, a private company incorporated on 22 February 2011 in Western Australia. This entity holds 100% of Clientvault UK Pty Ltd and Rentfind Technologies Pty Ltd;

- Complete RE Solutions Pty Ltd, a private company incorporated on 21 December 2017. It currently manages and operates the VaultRE real estate CRM and PM system for the Australia and New Zealand market;
- HoLo Home Loans Pty Ltd, a private Australian company incorporated on 4 March 2015 which operates a digital home mortgage comparison platform in Australia. Vault holds a 15% investment in this entity.

## 8.8 Statements of financial position – Vault

Vault's statements of financial position as at 30 June 2018, 30 June 2019, 31 December 2019 and 29 February 2020 are presented in the table below.

**Table 28: Statements of financial position of Vault**

	Pro forma <sup>1</sup> 30-Jun-18 \$	Pro forma <sup>1</sup> 30-Jun-19 \$	Pro forma <sup>2</sup> 31-Dec-19 \$	Pro forma <sup>3</sup> 29-Feb-20 \$
<b>Current assets</b>				
Cash and cash equivalents	293,768	58,267	88,132	289,374
Trade and other receivables	33,820	57,054	48,423	127,522
<b>Total current assets</b>	<b>327,588</b>	<b>115,321</b>	<b>136,555</b>	<b>416,896</b>
<b>Non-current assets</b>				
Property, plant and equipment	350	651	2,278	4,129
Intangible assets	12,916	12,916	12,916	675,916
<b>Total non-current assets</b>	<b>13,266</b>	<b>13,567</b>	<b>15,194</b>	<b>680,045</b>
<b>Total assets</b>	<b>340,854</b>	<b>128,888</b>	<b>151,749</b>	<b>1,096,941</b>
<b>Current liabilities</b>				
Trade and other payables	84,230	141,053	142,450	251,592
Employee benefits	40,995	61,977	69,551	44,048
Provision for income tax	823	94,271	3,418	-
<b>Total current liabilities</b>	<b>126,048</b>	<b>297,301</b>	<b>215,420</b>	<b>295,640</b>
<b>Non-current liabilities</b>				
Borrowings	629,260	1,111,352	1,561,869	261,869
<b>Total non-current liabilities</b>	<b>629,260</b>	<b>1,111,352</b>	<b>1,561,869</b>	<b>261,869</b>
<b>Total liabilities</b>	<b>755,308</b>	<b>1,408,653</b>	<b>1,777,288</b>	<b>557,509</b>
<b>Net assets / (liabilities)</b>	<b>(414,454)</b>	<b>(1,279,765)</b>	<b>(1,625,539)</b>	<b>539,432</b>
<b>Equity</b>				
Issued capital	3,087	3,087	3,087	1,678,000
Retained earnings	(417,545)	(1,282,852)	(1,628,626)	(1,138,568)
<b>Total equity</b>	<b>(414,458)</b>	<b>(1,279,765)</b>	<b>(1,625,539)</b>	<b>539,432</b>

Source: Pro forma financial statements of Vault for FY18, FY19, HY20 and year to date ended 29 February 2020

<sup>1</sup> Pro forma numbers based on audited financial statements of Vault

<sup>2</sup> Pro forma numbers based on half year financial statements reviewed by auditors

<sup>3</sup> Pro forma numbers based on special purpose compiled financial statements

## 8.9 Operating performance – Vault

Vault's pro forma statements of profit or loss for FY18, FY19, HY20 and the year to date ended 29 February 2020 are presented in the table below.

**Table 29: Statements of profit or loss of Vault**

	Pro forma <sup>1</sup> FY18 \$	Pro forma <sup>1</sup> FY19 \$	Pro forma <sup>2</sup> HY20 \$	Pro forma <sup>3</sup> Jul19 - Feb20 \$
<b>Income</b>				
Revenue				
SaaS	654,496	826,140	519,153	778,731
Other revenue	159,261	57,736	27,297	41,969
Sub-total - commercial revenue	813,757	883,876	546,450	820,700
Other income	104,302	86,252	189,784	188,584
<b>Total income</b>	<b>918,059</b>	<b>970,128</b>	<b>736,234</b>	<b>1,009,284</b>
<b>Expenses</b>				
Data and production costs	(135,170)	(189,558)	(131,065)	(193,507)
Employee benefits expense	(900,921)	(1,345,504)	(813,372)	(1,139,813)
Legal and professional fees	(3,389)	(1,785)	(1,511)	(5,833)
Marketing expenses	(6,271)	(20,318)	(11,670)	(12,236)
Occupancy expenses	(44,787)	(45,293)	(27,913)	(31,121)
General and administration expenses	(37,838)	(125,223)	(95,891)	(129,919)
Other expenses	(2,400)	(799)	(393)	(1,100)
<b>Total expenses</b>	<b>(1,130,775)</b>	<b>(1,728,480)</b>	<b>(1,081,815)</b>	<b>(1,513,529)</b>
<b>EBITDA</b>	<b>(212,716)</b>	<b>(758,352)</b>	<b>(345,581)</b>	<b>(504,245)</b>
Depreciation and amortisation	(176)	(14,477)	(352)	(359)
<b>Loss before income tax from continuing operations</b>	<b>(212,892)</b>	<b>(772,829)</b>	<b>(345,932)</b>	<b>(504,604)</b>
Income tax expense	(15,823)	(92,479)	-	-
<b>Loss after income tax from continuing operations</b>	<b>(228,715)</b>	<b>(865,307)</b>	<b>(345,932)</b>	<b>(504,604)</b>

Source: Pro forma financial statements of Vault for FY18, FY19, HY20 and year to date ended 29 February 2020

<sup>1</sup> Pro forma numbers based on audited financial statements of Vault

<sup>2</sup> Pro forma numbers based on half year financial statements reviewed by auditors

<sup>3</sup> Pro forma numbers based on special purpose compiled financial statements

## 9. Assessment of the value of RECRM, CAPL and Vault

### 9.1 Value definition

PKF Corporate's valuation of RECRM, CAPL and Vault is on the basis of 'fair market value', as used for REV.

### 9.2 Valuation methodologies

9.2.1 RECRM was incorporated as an SPV solely to facilitate the acquisition of CAPL and Vault. It does not have an operating business model or any existing revenue streams. As such, the only valuation methodologies which can be applied to RECRM are:

- share price history; and
- asset based methods.

9.2.2 Since RECRM holds all the share capital in CAPL and Vault, the valuation of RECRM includes the value of its investment in both CAPL and Vault. Consequently, prior to valuing RECRM, it is essential to assess the value of both CAPL and Vault.

- 9.2.3 The same valuation methodologies as used in valuing REV have been considered below for CAPL and Vault.

## CAPL

### 9.3 Share price history

- 9.3.1 CAPL is an unlisted proprietary company and as such, there is no active market in its shares.
- 9.3.2 Fairfax Media Group acquired a 50% stake in CAPL in 2007, followed by a subsequent acquisition of the remaining 50% in 2010. We note that both these transactions are not recent, and also that there is no publicly available information in relation to financial metrics for these transactions.
- 9.3.3 RECRM completed the acquisition of all the issued capital in CAPL in March 2020 for \$14 million, of which \$7 million is contingent. We have calculated the implied value per CAPL share based on this transaction in the table below:

**Table 30: Value per CAPL share based on RECRM transaction**

	None of the contingent conditions are satisfied		All of the contingent conditions are satisfied	
Total consideration	\$	7,000,000	\$	14,000,000
Number of shares		20,000		20,000
<b>Price per share</b>	<b>\$</b>	<b>350</b>	<b>\$</b>	<b>700</b>

Source: PKF Corporate Analysis

- 9.3.4 We note that the above calculation gives a very wide price range of \$350 to \$700 per CAPL share due to half the transaction consideration being contingent on satisfaction of the conditions mentioned in section 8.4.5. We have not been provided with any guidance in relation to the probability or level of certainty of these conditions being met or satisfied by CAPL.

The conditions in section 8.4.5 relate to retention of clients. Unless new clients are acquired and generate sufficient revenue which offsets the decrease in revenue by losing existing clients, CAPL will not be able to maintain its current level of earnings. In section 9.4 which follows, we have assumed that CAPL will maintain its current level of earnings. Consistent with this assumption, we have assumed that CAPL will satisfy all the contingent conditions, which results in a share price of **\$700 per share** on a control basis.

### 9.4 Capitalisation of future maintainable earnings

- 9.4.1 Having regard to the historical financial performance of CAPL, as summarised in table 25 of this report, we have concluded that the capitalisation of future maintainable earnings methodology can be applied in valuing CAPL. We have selected EBITDA as the most appropriate measure of earnings to be used in the application of this methodology.
- 9.4.2 A valuation based on capitalised future maintainable earnings requires the following key assessments to be made:
- an arm's length assessment of the level of the future maintainable earnings;
  - the selection of an appropriate capitalisation rate (or multiple), which reflects the risks faced in the achievement of the expected future maintainable earnings;
  - identification of any non-operating assets/liabilities that did not contribute to maintainable earnings; and
  - determination of the net debt position.

## Assessment of future maintainable earnings

- 9.4.3 We have set out in the table below the EBITDA of CAPL for FY18, FY19, HY20 and the projected financial year ended 30 June 2020 ("FY20").

**Table 31: Reported EBITDA of CAPL**

	Audited FY18 \$	Audited FY19 \$	Reviewed HY20 \$	Draft Jul19 - Apr20 \$	Projected <sup>1</sup> FY20 \$
<b>Revenue</b>	<b>9,107,133</b>	<b>9,041,888</b>	<b>4,437,159</b>	<b>7,069,687</b>	<b>8,223,173</b>
Reported EBITDA	4,291,207	4,149,116	1,776,602	3,319,039	4,014,712
<b>Reported EBITDA margin</b>	<b>47.1%</b>	<b>45.9%</b>	<b>40.0%</b>	<b>46.9%</b>	<b>48.8%</b>

Source: PKF Corporate Analysis

<sup>1</sup> Projected figures include actual numbers up to April 2020 and forecasts for May 2020 and June 2020

An assessment of future maintainable earnings requires an adjustment or allowance for abnormal items or one-off non-recurring income or expense items. We have not been provided with specific information in relation to normalising adjustments for CAPL, and as such, we have assumed that reported EBITDA in the table above represents the normalised EBITDA of CAPL.

- 9.4.4 We make the following observations in relation to the financial performance of CAPL:
- CAPL's revenue decreased slightly from approximately \$9.1 million in FY18 to approximately \$9 million in FY19. The projected revenue for FY20 was set to decrease further to reach \$8.2 million. We understand that this was primarily due to MyDesktop losing subscribers and market share to VaultRE;
  - Pro forma EBITDA of CAPL decreased from approximately \$4.3 million in FY18 to approximately \$4.2 million in FY19, primarily due to higher data and production costs in FY19. The EBITDA for FY20 was projected to decrease further to approximately \$4.0 million;
  - The EBITDA for HY20 was approximately \$1.8 million. Assuming that the run rate remained the same for the second half of FY20, the forecast EBITDA for FY20 would be approximately \$3.6 million; and
  - EBITDA margin decreased from 47.1% in FY18 to 45.9% in FY19, to 40.0% in HY20. However, it was projected to increase again up to 48.8% in FY20 despite decrease in revenues.

- 9.4.5 Having regard to our comments above and our analysis, we have estimated the future maintainable earnings at the EBITDA level of CAPL to be in a range of **\$3.7 million to \$4.0 million**.

## Selection of earnings multiple

- 9.4.6 We have used our research and analysis on multiples of comparable Australian companies in the property technology and real estate services industries, presented in Appendix C of this report. As previously noted in section 7.7, the trading multiples in Appendix C are derived from the market capitalisation that is based on share prices. Share prices reflect trades of small parcels of shares that do not incorporate a control premium. In assessing the control premium to be applied to these trading multiples, we have relied on the relevant matrix from the RSM Control Premium Study – 2017 applicable to CAPL. Since REV and CAPL operate in the same industry, we have used the matrix summarised in table 10 earlier in this report for CAPL. We have applied a control premium in the range of 20% to 29% as calculated earlier in section 7.3 of this report, to determine the earnings multiples on a control basis. The results of our research and analysis are set out in the table below.



**Table 32: Current EBITDA multiples of comparable companies**

Control premium	Current EBITDA multiples		
	Average	Median	Average <sup>1</sup>
0%	33.8	33.5	33.7
20%	40.4	40.4	40.4
29%	43.3	43.5	43.4

Source: S&P Capital IQ, PKF Corporate analysis

<sup>1</sup> represents the average of the average and median EBITDA multiples

- 9.4.7 The multiples in the above table are based on market trades, so there is a 'willing buyer' and 'willing seller'. Notwithstanding CAPL's recent transaction with RECRM, if the equity holders of CAPL were of a mind to offer their equity for sale, then we consider that it would involve considerable time and cash resources to prepare CAPL for sale and, for this reason, we have considered the applicability of a lack of marketability discount. After considering the above, we have applied a marketability discount of 25%. This discount reflects the reduced transferability of unlisted shares and the fact that investments in listed companies are considered to be less risky due to stronger financial reporting disciplines imposed by public scrutiny. The selection of this discount is supported by research emanating from the US<sup>2</sup>.
- 9.4.8 The only comparable companies from our research in Appendix C which have meaningful EBITDA multiples are REA Group Limited, Technology One Limited and Domain Holdings Australia Limited, since these companies are the only ones generating profitable earnings at an EBITDA level in the comparable group. These companies are significantly bigger in size in comparison CAPL, with market capitalisation in excess of \$1 billion.
- 9.4.9 Considering the revenue and EBITDA of the 3 comparable companies mentioned above and that of CAPL, we have set out in the table below the implied discount for size based on research from Pepperdine University's 'Private Capital Markets Project' survey for 2020, as well as Grant Thornton's 'Dealtracker 2019 Australian M&A and IPO market insights' report.

**Table 33: Discount for size – CAPL**

Publication	Key Criteria <sup>1</sup>	EBITDA multiples		Size Discount
		Low	High	
2020 Private Capital Markets Report	Information technology EBITDA range \$1m to \$4.99m vs \$50m+	5.5	10.0	45%
2019 Dealtracker	Revenue range <\$20m vs \$500m+	6.1	11.6	47%

Source: Pepperdine University, Grant Thornton, PKF Corporate analysis

<sup>1</sup> Selected based on the financial performance of CAPL and the 3 comparable companies

- 9.4.10 After considering the larger size of the 3 comparable companies to CAPL and the above research, we have applied a size discount of 45% to 50%.

<sup>2</sup> Shannon P. Pratt, Business Valuation Discounts and Premiums

9.4.11 After application of the comments and information in paragraphs 9.4.6 to 9.4.10 of this report, we have set out our calculations in the table below of the resultant multiples.

**Table 34: EBITDA multiples – CAPL**

	Current	
	Low	High
Basket of companies including a 20% to 29% control premium	40.4	43.4
Discount for lack of marketability for controlling interest	25%	25%
Revised multiple range	30.3	32.5
Discount for size	50%	45%
Revised multiple range	15.1	17.9

Source: PKF Corporate analysis

9.4.12 We have also considered our research of precedent transaction EBITDA multiples in Appendix D of this report. We note that there are limited transactions for acquiring controlling stakes with a meaningful implied EBITDA multiple.

9.4.13 In determining an appropriate capitalisation multiple at which future maintainable earnings should be capitalised, we have also considered the following specific business factors impacting CAPL:

- the period of time in which the business has been operating in its respective markets;
- the suite of products and services offered by CAPL and their comparative advantage and disadvantage. In particular, we understand that the MyDesktop platform is based on older technology with less features in comparison to VaultRE, and has limited capability to expand beyond its existing sales CRM functionality;
- the decline in CAPL's revenues as a result of MyDesktop losing subscribers and market share to VaultRE;
- the fact that prior to the transaction with RECRM, CAPL was a subsidiary of a large business in Domain;
- the key financial performance indicators of CAPL, in particular the trends in revenue, gross margin and the normalised EBITDA margin; and
- the different risk profile of CAPL in relation to the comparable companies.

9.4.14 After considering our research set out in Appendices C and D of this report, as well as the above comments and analysis, we have adopted an EBITDA multiple range of 10.0 to 12.0.

### Assessment of enterprise value

9.4.15 We have set out in the table below our assessment of the enterprise value of CAPL based on the capitalisation of earnings approach.

**Table 35: Enterprise value of CAPL – capitalisation of earnings approach**

	Current	
	Low	High
Future maintainable earnings	\$3,700,000	\$4,000,000
Earnings multiple	10.0	12.0
<b>Enterprise value</b>	<b>\$37,000,000</b>	<b>\$48,000,000</b>

Source: PKF Corporate analysis

9.4.16 Having regard to the above calculations, we have assessed the enterprise value of CAPL under the capitalisation of earnings approach to be in a range of say **\$37.0 million to \$48.0 million**.

## Assessment of equity value

- 9.4.17 The enterprise value must be adjusted for non-operating assets and net debt (cash and interest-bearing liabilities) in order to arrive at the equity value of CAPL. Following our review of CAPL's completion accounts for the transaction with RECRM, we have set out in the table below our calculation of the equity value of CAPL.

**Table 36: Equity value of CAPL – capitalisation of earnings approach**

	notes	Low \$	High \$
Enterprise value		37,000,000	48,000,000
Add: cash	1	-	-
Less: debt		-	-
<b>Equity value</b>		<b>37,000,000</b>	<b>48,000,000</b>

Source: PKF Corporate analysis

**Note 1** – We note that the cash balance as at the completion date was \$406,341. As per the share sale agreement between Domain and RECRM dated 3 March 2020, any cash in CAPL as at the completion date was to be retained by Domain.

We have assessed the equity value of CAPL under the capitalisation of earnings approach to be in a range of say \$37.0 million to \$48.0 million.

- 9.4.18 We have assessed the equity value of CAPL under the capitalisation of earnings approach to be in a range of **\$1,850 to \$2,400 per share** on a control basis as shown in the table below.

**Table 37: Equity value per CAPL share – capitalisation of earnings approach**

	Low	High
Total equity value	\$37,000,000	\$48,000,000
Number of equity shares	20,000	20,000
<b>Equity value per share</b>	<b>\$ 1,850</b>	<b>\$ 2,400</b>

Source: PKF Corporate analysis

## 9.5 Net present value of future cash flows

Whilst CAPL has been profitable, we have not been provided with a cash flow statement for CAPL for the period ended 30 June 2019, and with forecasts beyond 30 June 2020. In the absence of longer-term cash flow forecasts, we have concluded that we are unable to apply this valuation methodology.

## 9.6 Asset based methods

- 9.6.1 CAPL's balance sheet as at 31 December 2019 disclosed net assets of approximately \$5.4 million (refer to table 24 in section 8.5 of this report). The total assets of CAPL reported on the balance sheet as at 31 December 2019 had a book value of approximately \$5.8 million. This amount is mostly comprised of an amount receivable from Domain (approximately \$5.4 million) which was CAPL's holding company at that time.
- 9.6.2 CAPL was acquired from Domain by RECRM on a cash-free and debt-free basis. Consequently, all related party loans, payables and receivables were settled prior to the transaction along with non-working capital items. The settlement occurred by way of a dividend payment made by CAPL to Domain on 12 March 2020. This settlement included the above amount of approximately \$5.4 million receivable from Domain which was fully set-off under the dividend payment by CAPL. After settlement, the net tangible assets of CAPL came down to approximately \$32,000.

9.6.3 In our opinion the provision of a single value does not appropriately reflect the uncertainty inherent in any valuation. To allow for this uncertainty, we have used a range of plus and minus 10% around the value of \$32,000 to develop a value range. Accordingly, we have assessed the equity value of CAPL under the net asset backing approach on a going concern basis to be say \$29,000 to \$35,000.

9.6.4 We have assessed the equity value of CAPL under the net assets approach to be in a range of **\$1.45 to \$1.75 per share** on a control basis as shown in the table below.

**Table 38: Equity value per CAPL share – net assets approach**

	Low	High
Total equity value	\$ 29,000	\$ 35,000
Number of equity shares	20,000	20,000
<b>Equity value per share</b>	<b>\$ 1.45</b>	<b>\$ 1.75</b>

Source: PKF Corporate analysis

9.6.5 Having regard to CAPL's transaction with RECRM and its historical EBITDA performance, we do not consider that an orderly realisation of its assets or liquidation of its assets is an appropriate valuation methodology to use in assessing the value of CAPL at this point in time.

## 9.7 Comparable market transactions

9.7.1 Similar to REV, we have calculated an ARR for CAPL based on its subscription or SaaS based revenues and applied a current revenue multiple to the ARR.

9.7.2 CAPL achieved subscription revenue of approximately \$7.8 million for FY19 and approximately \$6.3 million for the financial year to date up to April 2020. We have set out in the table below the monthly average recurring revenue based on historical financial information.

**Table 39: Annual recurring revenue for CAPL**

ARR	Audited FY18 \$	Audited FY19 \$	Reviewed HY20 \$	Draft Jul19 - Apr20 \$
Revenue	7,506,701	7,830,054	3,891,114	6,256,478
<b>Monthly average</b>	<b>625,558</b>	<b>652,505</b>	<b>648,519</b>	<b>625,648</b>

Source: REV, PKF Corporate analysis

9.7.3 We note that the monthly average recurring revenue decreased in the financial year to date period as compared to FY19. As stated previously in section 9.4, we understand that this was primarily due to CAPL losing market share to Vault.

9.7.4 In order to assess the ARR of CAPL, we have considered the current ARR based on the actual revenue for the 10 months from July 2019 to April 2020 and calculated a monthly average of say \$625k. This results in current ARR of \$7.50 million (\$625,000 × 12 months).

9.7.5 We have used our research and analysis on multiples of comparable Australian companies in the property technology and real estate services industries, presented in Appendix C of this report. As previously noted in section 7.7, since the trading multiples in Appendix C are derived from the market capitalisation that is based on share prices that reflect trades of small parcels of shares, they do not incorporate a control premium. In assessing the control premium to be applied to these trading multiples, we have relied on the relevant matrix from the RSM Control Premium Study – 2017 applicable to CAPL. Since REV and CAPL operate in the same industry, we have used the matrix summarised in table 10 in section 7.3 earlier in this report for CAPL. We have applied the same control premium in the range of 20% to 29% as calculated earlier in section 7.6 of this report, to determine the trading multiples on a control basis. We have used the results of our research and analysis set out in table 14 in section 7.7 earlier in the report.

9.7.6 CAPL is an unlisted entity. Notwithstanding its recent transaction with RECRM, if the shareholders of CAPL were of a mind to offer their equity for sale, then we consider that it would involve considerable time and cash resources to prepare CAPL for sale and for this reason we have considered the applicability of a lack of marketability discount to CAPL.

9.7.7 In section 9.4, we applied a discount for lack of marketability of 25% and a discount for size in a range of 45% to 50% to CAPL. We have again applied these discounts to the revenue multiples calculated in table 14 of this report and set out our calculations in the table below.

**Table 40: Revenue multiples – CAPL**

	Current	
	Low	High
Basket of companies including a 20% to 29% control premium	6.9	7.4
Discount for lack of marketability for controlling interest	25.0%	25.0%
Revised multiple range	5.1	5.5
Discount for size	50.0%	45.0%
Revised multiple range	2.6	3.0

Source: PKF Corporate analysis

9.7.8 We have also considered our research of precedent transaction revenue multiples in Appendix D of this report.

9.7.9 Based on our research set out in Appendices C and D of this report as well as the above comments and analysis, we have adopted current revenue multiples in a range of 2.5 to 3.0. In adopting this range, we have also considered the recent decline in CAPL's revenues, and loss of market share.

9.7.10 We have set out in the table below our assessment of the enterprise value of CAPL.

**Table 41: Enterprise value of CAPL – comparable market transactions approach**

	Current	
	Low	High
ARR	\$7,500,000	\$7,500,000
Revenue multiple	2.5	3.0
<b>Enterprise value</b>	<b>\$18,750,000</b>	<b>\$22,500,000</b>

Source: PKF Corporate analysis

9.7.11 Having regard to the above calculations, we have assessed the enterprise value of CAPL to be in a range of \$18.75 million to \$22.50 million under the comparable market transactions approach.

9.7.12 The assessed enterprise value of CAPL must be adjusted for non-operating assets and net debt (cash and interest-bearing liabilities) in order to arrive at the equity value of CAPL. Following our review of CAPL's completion accounts for the transaction with RECRM, we have set out in the table below our calculation of the equity value of CAPL.

**Table 42: Equity value of CAPL – comparable market transactions approach**

		Low	High
	notes	\$	\$
Enterprise value		18,750,000	22,500,000
Add: cash	1	-	-
Less: debt		-	-
<b>Equity value</b>		<b>18,750,000</b>	<b>22,500,000</b>

Source: PKF Corporate analysis

**Note 1** – We note that the cash balance as at the completion date was \$406,341. As per the share sale agreement between Domain and RECRM dated 3 March 2020, any cash in CAPL as at the completion date was to be retained by CAPL.

- 9.7.13 Having regard to the above, we have assessed the equity value of CAPL under the comparable market transactions approach to be in a range of **\$937.50 to \$1,125 per share** on a control basis as shown in the table below.

**Table 43: Equity value per CAPL share – comparable market transactions approach**

	Low	High
Total equity value	\$18,750,000	\$22,500,000
Number of equity shares	20,000	20,000
<b>Equity value per share</b>	<b>\$ 937.50</b>	<b>\$ 1,125.00</b>

Source: PKF Corporate analysis

## 9.8 Alternative acquirer

We are not aware of any offers for CAPL shares and as a result we are unable to apply this valuation methodology.

## 9.9 Conclusion – value per share of CAPL

- 9.9.1 The applicable valuation methodologies that we have considered are summarised in the table below.

**Table 44: Valuation summary of CAPL**

	section	Low \$	High \$
Share price history	9.3	700.00	700.00
Capitalisation of earnings	9.4	1,850.00	2,400.00
Net assets	9.6	1.45	1.75
Comparable market transactions	9.7	937.50	1,125.00

Source: PKF Corporate analysis

- 9.9.2 As can be seen from the above table, all four methodologies give different valuations for the share price of CAPL. There is also no overlap between any of the methodologies, and we note that the net assets methodology gives a very low range whereas the capitalisation of earnings methodology gives a very high range of values in comparison to the other methodologies.

The share price methodology is based on CAPL's recent transaction with RECRM in March 2020. This is a sound valuation methodology and since the transaction was also on an arm's length basis, we consider this methodology provides a reasonable basis for assessing the value of a CAPL share.

The capitalisation of future maintainable earnings is based on an assessment of the actual EBITDA earnings of CAPL, in the absence of sufficient information in relation to normalised earnings. It is also based on an analysis of market trading EBITDA multiples and precedent transaction multiples of a universe of companies in the property technology, application software, online services and real estate services industries. However very few companies in this universe are profitable at an EBITDA level to give a meaningful EBITDA multiple, and the ones which are profitable are significantly larger in size than CAPL. We also consider that the technologies utilised by these companies are in a different stage of the product lifecycle with expanding revenues compared to CAPL, whose revenues are reducing. Due to these reasons, we do not consider this methodology to be appropriate in valuing CAPL.

The premise of the net asset approach is that CAPL is worth the book value of its net assets at a point in time. There is a clear discrepancy between the net assets approach and the results of the other valuation methodologies which suggests that there is goodwill in the business in addition to the tangible assets of CAPL, and the net assets approach does not reflect the market value of the business. In light of this comment, we do not consider this to be an appropriate valuation methodology in valuing CAPL.

The comparable market transactions approach is based on actual market evidence of trading revenue multiples in the universe of Australian companies into the property technology and real estate services industries, as well as precedent transaction multiples in the universe of property technology, application software, online services and real estate services industries. Accordingly, we have concluded that this methodology provides current market evidence that can be relied upon in assessing the value of CAPL.

9.9.3 After considering our comments above we have concluded that the value of one CAPL share lies in the range of **\$700 to \$950** on a control basis, with a mid-point of \$825 per share. In calculating this range, we have used the value from the share history methodology and considered the lower end of the range given by the comparable market transactions methodology.

9.9.4 Based on the mid-point value of \$825 per share, the total value of RECRM's investment in CAPL comes to \$16.5 million (20,000 shares × \$825 per share).

#### **Vault**

### **9.10 Share price history**

9.10.1 Vault is an unlisted proprietary company and as such, there is no active market in its shares.

9.10.2 As mentioned in section 8.6.3, RECRM acquired all 137,778 shares in Vault for a total consideration of \$10 million which was settled by issue of 10 million fully paid ordinary shares in RECRM. We understand the transaction was at an arm's length between the parties.

9.10.3 The above transaction gives an implied share price of **\$72.58** per share on a control basis (\$10 million ÷ 137,778 shares).

### **9.11 Capitalisation of future maintainable earnings**

As previously mentioned, capitalisation of earnings is a method commonly used for valuing businesses currently generating profitable returns. As Vault does not have a history of profitable trading, we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value Vault.

### **9.12 Net present value of future cash flows**

A cash flow statement for Vault for the period ended 30 June 2019 was not available, and we have not been provided with forecasts beyond 30 June 2020. In the absence of longer-term cash flow forecasts, we have concluded that we are unable to apply this valuation methodology.

### **9.13 Asset based methods**

9.13.1 Vault's pro forma balance sheet as at 31 December 2019 disclosed net liabilities of approximately \$1.6 million whereas its pro forma balance sheet as at 29 February 2020 disclosed net assets of \$539,432 (refer to table 28 in section 8.8 of this report). The significant change in financial position over the course of two months was primarily due to conversion of loans from major shareholders into additional equity.



9.13.2 We note that the net asset value as at 29 February 2020 includes an amount of \$663,000 for net capitalised costs of development of internally generated intangible assets. The ultimate recoverability of these costs carried forward is dependent on the successful development and commercialisation of the technologies, or the sale of the respective technologies. Accordingly, the book value of Vault's intangible assets may not reflect the market value of these assets.

9.13.3 Having regard to the above comments, we do not consider the net assets approach to be an appropriate valuation methodology to use in assessing the value of Vault.

9.13.4 Further, having regard to Vault's transaction with RECRM, financial support from its major shareholders and the growth in Vault's revenues and market share, we do not consider that an orderly realisation of its assets or liquidation of its assets is an appropriate valuation methodology to use in assessing the value of Vault.

#### 9.14 Comparable market transactions

9.14.1 Similar to REV and CAPL, we have calculated an ARR for Vault based on its subscription or SaaS based revenues and applied a current revenue multiple to the ARR.

9.14.2 Vault achieved subscription revenue of approximately \$826k for FY19 and approximately \$921k for the financial year to date up to March 2020. We have set out in the table below the monthly average recurring revenue based on historical financial information.

**Table 45: Annual recurring revenue for Vault**

ARR	Pro forma <sup>1</sup> FY18 \$	Pro forma <sup>1</sup> FY19 \$	Pro forma <sup>2</sup> HY20 \$	Pro forma <sup>3</sup> Jul19 - Feb20 \$	Draft Jul19 - Mar20 \$
Revenue	654,496	826,140	519,153	778,731	921,005
<u>Monthly average</u>	<u>54,541</u>	<u>68,845</u>	<u>86,526</u>	<u>97,341</u>	<u>102,334</u>

Source: REV, PKF Corporate analysis

<sup>1</sup> Pro forma numbers based on audited financial statements of Vault

<sup>2</sup> Pro forma numbers based on half year financial statements reviewed by auditors

<sup>3</sup> Pro forma numbers based on special purpose compiled financial statements

9.14.3 We note that the monthly average recurring revenue increased in the financial year to date as compared to FY19 as Vault gained market share in Australia and New Zealand and entered the United Kingdom market.

9.14.4 In order to assess the ARR of Vault, we have considered the current ARR based on the actual revenues for the 9 months from July 2019 to March 2020 and calculated a monthly average of say \$105k. This results in current ARR of \$1.26 million (\$105,000 × 12 months).

9.14.5 We have used the results of our research and analysis set out in table 14 in section 7.7 earlier in the report and applied the revenue multiples to Vault.

9.14.6 Similar to CAPL, Vault is an unlisted entity. Notwithstanding Vault's recent transaction with RECRM, if the shareholders of Vault were of a mind to offer their equity for sale, then we consider that it would involve considerable time and cash resources to prepare Vault for sale and for this reason we have considered the applicability of a lack of marketability discount for Vault. Again, we have applied a lack of marketability discount of 25% for Vault.

9.14.7 We have also applied a size discount of 45% to 50% after considering the research in table 15 of this report.

9.14.8 We have again applied these discounts to the revenue multiples calculated in table 14 of this report and set out our calculations in the table below.



**Table 46: Revenue multiples – Vault**

	Current	
	Low	High
Basket of companies including a 20% to 29% control premium	6.9	7.4
Discount for lack of marketability for controlling interest	25.0%	25.0%
Revised multiple range	5.1	5.5
Discount for size	50.0%	45.0%
Revised multiple range	2.6	3.0

Source: PKF Corporate analysis

We note that the above range of 2.6 to 3.0 is based on trading revenue multiples of companies which are more mature than Vault.

9.14.9 We have also considered our research of precedent transaction revenue multiples in Appendix D of this report. Based on this research we note the following:

- the comparable transactions involving early stage or less mature companies – in particular, Vocam Pty Ltd, Kounta Pty Ltd, Container Chain Pty Ltd and Decimal Software Ltd all have revenues which are less than \$20 million, similar to Vault;
- further, similar to Vault, none of the above companies are profitable at an EBITDA level;
- the transactions involving the above companies are for 100% acquisition of equity;
- the average revenue multiple for this subset of transactions is 4.9 and the median multiple for this subset is 5.2;
- the revenue multiples from the bottom four transactions in the table are considered outliers and not considered representative; and
- The other transactions, excluding the ones discussed above, involve companies which are either profitable at an EBITDA level and/or whose revenues are greater than \$20 million.

9.14.10 Based on our research set out in Appendices C and D of this report as well as the above comments and analysis, we have adopted current revenue multiples in a range of 5.0 to 5.5. In adopting this range, we have also considered the following factors:

- the increase in Vault's revenues as a result of gaining market share in Australia and New Zealand, and entering the United Kingdom market;
- the suite of products and services offered by Vault and their comparative advantage. In particular, we note that VaultRE is the next-generation real estate system with superior technology as well as increased functionality and features when compared to MyDesktop. It contains both sales CRM and rental property management functionality on the same technology platform;
- the quality and experience of the founders and management team; and
- the long-term growth prospects of the business.

9.14.11 We have set out in the table below our assessment of the enterprise value of Vault.

**Table 47: Enterprise value of Vault**

	Current	
	Low	High
ARR	\$1,260,000	\$1,260,000
Revenue multiple	5.0	5.5
<b>Enterprise value</b>	<b>\$6,300,000</b>	<b>\$6,930,000</b>

Source: PKF Corporate analysis

9.14.12 Having regard to the above calculations, we have assessed the enterprise value of Vault to be in a range of \$6.30 million to \$6.93 million under the comparable market transactions approach.

9.14.13 The assessed enterprise value of Vault must be adjusted for non-operating assets and net debt (cash and interest-bearing liabilities) in order to arrive at the equity value of Vault. We have set out in the table below our assessment of the equity value of Vault.

**Table 48: Equity value of Vault**

	notes	Low \$	High \$
Enterprise value		6,300,000	6,930,000
Add: cash	1	-	-
Less: debt	1	-	-
<b>Equity value</b>		<b>6,300,000</b>	<b>6,930,000</b>

Source: PKF Corporate analysis

**Note 1** – As per the share purchase agreement between Vault and RECRM dated 12 March 2020, the transaction between the parties was on a cash-free and debt-free basis.

9.14.14 Having regard to the above, we have assessed the equity value of Vault under the comparable market transactions approach to be in a range of **\$45.73 to \$50.30 per share** on a control basis as shown in the table below.

**Table 49: Equity value per Vault share**

	Low	High
Total equity value	\$ 6,300,000	\$ 6,930,000
Number of equity shares	137,778	137,778
<b>Equity value per share</b>	<b>\$ 45.73</b>	<b>\$ 50.30</b>

Source: PKF Corporate analysis

## 9.15 Alternative acquirer

We are not aware of any offers for Vault shares and as a result we are unable to apply this valuation methodology.

## 9.16 Conclusion – value per share of Vault

- 9.16.1 The applicable valuation methodologies that we have considered are summarised in the table below.

**Table 50: Valuation summary of Vault**

	section	Low \$	High \$
Share price history	9.10	72.58	72.58
Comparable market transactions	9.14	45.73	50.30

Source: PKF Corporate analysis

- 9.16.2 We note from the above table that the share price history methodology has resulted in a higher value and the comparable market transactions approach has generated a lower value range; we also note that there is no overlap between the two. We therefore consider the upper range from the comparable market transactions approach and the value from the share price history to be an appropriate blend between the two methods.
- 9.16.3 Thus, we consider an appropriate valuation for Vault to be in a range of **\$50.30 to \$72.58 per share** on a control basis, with a mid-point of \$61.44 per share. Based on this mid-point value, the total value of RECRM's investment in Vault comes to \$8,465,080 (137,778 shares × \$61.44 per share) or say, \$8.47 million.

## RECRM

## 9.17 Share price history

- 9.17.1 The transaction between REV and RECRM values the equity of the latter at \$16,225,012. The components of the value and its calculation is shown in the table below:

**Table 51: Value of RECRM**

	Section	\$
Capital raised by RECRM	8.1	6,225,012
Enterprise value of CAPL	8.4	14,000,000
Cash consideration paid to Domain	8.4	(5,000,000)
Deferred consideration payable to Domain	8.4	(2,000,000)
Contingent consideration payable to Domain	8.4	(7,000,000)
Enterprise value of Vault	8.7	10,000,000
<b>Total</b>		<b>16,225,012</b>

Source: Draft NOM, PKF Corporate analysis

- 9.17.2 The above gives an implied value of **\$1.00 per share** of RECRM ( $\$16,225,012 \div 16,225,012$  shares) on a control basis.

## 9.18 Asset based methods

- 9.18.1 As previously noted, this methodology is based on the realisable value of a company's identifiable net assets.

### (a) Net assets

The table below shows the adjusted statement of financial position of RECRM and shows adjustments for reflecting the valuation of RECRM's investments in CAPL and Vault, as calculated in sections 9.9 and 9.16 respectively. Part 1 shows the adjustment to remove the book value of the investments and Part 2 shows the values calculated by us in the sections mentioned above. Part 3 reflects the adjustment for the contingent consideration.

Table 52: Adjusted statement of financial position of RECRM

	notes	Pro forma 12-Mar-20 \$	Adjustments			Adjusted 12-Mar-20 \$
			Part 1 \$	Part 2 \$	Part 3 \$	
<b>Current assets</b>						
Cash	1	1,225,012	-	-	-	1,225,012
<b>Total current assets</b>		<b>1,225,012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,225,012</b>
<b>Non-current assets</b>						
Investment in CAPL	2	7,000,000	(7,000,000)	16,500,000	-	16,500,000
Investment in Vault	3	10,000,000	(10,000,000)	8,470,000	-	8,470,000
<b>Total non-current assets</b>		<b>17,000,000</b>	<b>(17,000,000)</b>	<b>24,970,000</b>	<b>-</b>	<b>24,970,000</b>
<b>Total assets</b>		<b>18,225,012</b>	<b>(17,000,000)</b>	<b>24,970,000</b>	<b>-</b>	<b>26,195,012</b>
<b>Current liabilities</b>						
Contingent consideration		-	-	-	4,000,000	4,000,000
<b>Total current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>4,000,000</b>	<b>4,000,000</b>
<b>Non-current liabilities</b>						
Deferred consideration	4	2,000,000	-	-	-	2,000,000
Contingent consideration		-	-	-	3,000,000	3,000,000
<b>Total non-current liabilities</b>		<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>3,000,000</b>	<b>5,000,000</b>
<b>Total liabilities</b>		<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>7,000,000</b>	<b>9,000,000</b>
<b>Net assets / (liabilities)</b>		<b>16,225,012</b>	<b>(17,000,000)</b>	<b>24,970,000</b>	<b>(7,000,000)</b>	<b>17,195,012</b>
<b>Equity</b>						
Contributed equity	5	16,225,012	(17,000,000)	24,970,000	(7,000,000)	17,195,012
<b>Total equity</b>		<b>16,225,012</b>	<b>(17,000,000)</b>	<b>24,970,000</b>	<b>(7,000,000)</b>	<b>17,195,012</b>

Source: PKF Corporate analysis

**Part 1** – See table 23 in section 8.3.

**Part 2** – See section 9.9 and section 9.16.

**Part 3** – See section 9.3 for value of contingent consideration.

Based on this approach the value comes to **\$1.06 per share** of RECRM ( $\$17,195,012 \div 16,225,012$  shares) on a control basis.

(b) Orderly realisation of assets

Considering the Proposed Transaction, we do not consider that an orderly realisation of its assets is an appropriate valuation methodology to use in assessing the value of RECRM shares at this point in time.

(c) Liquidation of assets

Considering the Proposed Transaction, we consider that this methodology is an inappropriate valuation methodology to use for valuing RECRM.

## 9.19 Conclusion – value per share of RECRM

9.19.1 The valuation methodologies which we have considered are summarised in the table below.

Table 53: Valuation summary of RECRM

	section	\$
Share price history	9.17	1.00
Net assets	9.18	1.06

Source: PKF Corporate analysis

- 9.19.2 We note that the share price history methodology has resulted in a lower value than the net assets approach. We therefore consider a blend of the two valuation methodologies to give an appropriate range for the value of each RECRM share. This gives us a range of **\$1.00 to \$1.06 per share** on a control basis, with a mid-point of \$1.03 per share.
- 9.19.3 Based on the mid-point value of \$1.03 per share, the value of RECRM comes to \$16,711,762 (16,225,012 shares × \$1.03 per share) or say, \$16.71 million.

## 10. Valuation of REV after the Proposed Transaction

### 10.1 Background

- 10.1.1 REV plans to leverage the combined operations of MyDesktop and VaultRE to provide an essential utility product for real estate agents, and gain access to revenue and cost synergies from an accelerated client transition program. After completing the Proposed Transaction, the primary business activity of the Company will, together with its existing business, involve the provision of complete real estate agency software including CRM to real estate agent offices across Australia, New Zealand and United Kingdom.
- 10.1.2 Further, the Company plans to relist and change its name to PropTech Group Limited with a new ASX code of PTG after completing the Proposed Transaction.
- 10.1.3 The merged entity will include four 100% owned SaaS-based operating businesses: REV, VaultRE, MyDesktop and Rentfind Technologies Pty Ltd. While REV is a 'B2C' revenue model with individuals as subscribers, the other three businesses are 'B2B' revenue models. The majority of PTG revenues are expected to be derived from monthly subscription fees charged to customers for use of each respective SaaS platform along with distribution, referrals, channel partnerships and joint venture arrangements. Additional revenue may be generated from a combination of training fees, set-up fees and product customisation.
- 10.1.4 After the Proposed Transaction is completed, the merged entity will also own 15% of HoLo Home Loans Pty Ltd.

### 10.2 Directors and key executives

In the table below, we have included the Directors and other key executives on completion of the Proposed Transaction.

**Table 54: Directors and key executives of REV after the Proposed Transaction**

Name	Position
<b>Directors</b>	
Simon Baker	Non-Executive Chairman
Joseph Hanna	Chief Executive Officer and Executive Director
Scott Wulff	General Manager of CRM and Executive Director
Sam Plowman	Non-Executive Director
Georg Chmiel	Independent Non-Executive Director
<b>Other key executives</b>	
Ben Fry	Chief Operations Officer
Michael Fiorenza	Chief Financial Officer
Adam Campbell	Chief Technology Officer
David James	General Manager - Rentfind Inspector
Christian Scandurra	Sales Director - United Kingdom
Matthew Healy	Technology Director

Source: REV, Draft NOM

### 10.3 Share capital

- 10.3.1 It is proposed that the existing shares in the Company will be consolidated on a 20 to 1 basis, prior to the Acquisition and the General Offer. Fractional shares will be rounded up to the nearest whole number of shares.
- 10.3.2 The Company plans to issue a total of 2,344,064 new shares on a post-consolidated basis to convert debt of \$446,496 in relation to outstanding fees and other dues to existing Directors and executives as shown in the table below.

**Table 55: Conversion of REV debt to equity**

Name	Directors (\$) (a)	Non-directors (\$) (b)	Total (\$) (c) = (a) + (b)	Number of consolidated shares
Simon Baker	108,750	-	108,750	494,318
Joseph Hanna	216,250	-	216,250	1,207,623
Sam Plowman	42,746	-	42,746	194,301
Michael Fiorenza	-	78,750	78,750	447,822
<b>Total</b>	<b>367,746</b>	<b>78,750</b>	<b>446,496</b>	<b>2,344,064</b>

Source: REV, PKF Corporate analysis

- 10.3.3 The Company proposes to issue a total of 64,900,048 fully paid post-consolidated REV shares (a ratio of 4 REV shares for each share in RECRM) as Consideration Shares to the shareholders of RECRM to acquire all of the shares on issue in RECRM from its shareholders.
- 10.3.4 In order to comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules, the Company is proposing to undertake the Capital Raise by way of a Public Offer under a prospectus to raise \$10.6 million by issue of up to 42,400,000 new post-consolidated REV shares at a price of \$0.25 per share. Existing REV shareholders will be eligible to receive a priority allocation of additional shares under the General Offer ("Priority Offer").
- 10.3.5 We understand that the estimated costs of the Capital Raise are \$636,000.
- 10.3.6 The Directors of the Company after the Proposed Transaction (listed in table 54 in section 10.2 of this report) wish to participate in the General Offer on the same terms as other investors. The number of shares to be issued to other investors will be reduced accordingly to the extent of the Directors' participation, so that the total number of shares issued under the General Offer does not exceed 42,400,000.
- 10.3.7 We understand that all shares issued under the General Offer will rank equally with existing shares. Further, we understand that completion of the Acquisition is contingent on successful completion of the General Offer.
- 10.3.8 The Company proposes to use the funds raised under the Public Offer for payment of the deferred consideration to Domain (see section 8.4 of this report), growth capital requirements, working capital requirements and relisting transaction costs.
- 10.3.9 Post the Proposed Transaction, the total shares on issue after shareholders approve all the Essential Resolutions are shown in the table below.

**Table 56: REV shares on issue after the Proposed Transaction**

	formula	Number of shares
Total shares currently on issue	a	233,205,108
<b>Consolidation ratio (times)</b>	<b>b</b>	<b>20</b>
Post consolidation shares	$c = a \div b$	11,660,255
Shares issued to convert debt to equity	d	2,344,064
Consideration Shares to RECRM shareholders	e	64,900,048
Shares offered under the General Offer	f	42,400,000
<b>Total shares on issue on relisting</b>	<b><math>c + d + e + f</math></b>	<b>121,304,367</b>

Source: PKF Corporate analysis

## 10.4 Assessment of the value of REV

10.4.1 The value of REV after the Proposed Transaction comprises:

- the value of REV before the Proposed Transaction; plus
- the value of RECRM; plus
- the value of the capital raised under the General Offer; less
- the costs of raising the capital

10.4.2 We have assessed the combined value of REV after the Proposed Transaction as set out in the table below.

**Table 57: Value of REV after the Proposed Transaction**

	section	formula	Low	High
Value of a REV share before the Proposed Transaction (control basis)	7.9	a	\$ 0.0120	\$ 0.0155
Total ordinary shares on issue before the Proposed Issue	6.3	b	233,205,108	233,205,108
Value of REV before the Proposed Transaction (control basis)		$c = a \times b$	\$ 2,798,461	\$ 3,614,679
Conversion of REV debt to equity	10.3	d	\$ 446,496	\$ 446,496
Value of a RECRM share (control basis)	9.19	e	\$ 1.0000	\$ 1.0600
Total ordinary RECRM shares on issue	8.2	f	16,225,012	16,225,012
Value of RECRM (control basis)		$g = e \times f$	\$ 16,225,012	\$ 17,198,513
<b>Combined value of REV and RECRM before the General Offer</b>		<b><math>h = c + d + g</math></b>	<b>\$ 19,469,969</b>	<b>\$ 21,259,688</b>
Number of shares to be issued under the General Offer	10.3	i	42,400,000	42,400,000
Issue price	10.3	j	\$ 0.2500	\$ 0.2500
Gross funds to be received under the General Offer		$k = i \times j$	\$ 10,600,000	\$ 10,600,000
Less: capital raising costs	10.3	l	\$ 636,000	\$ 636,000
Net funds to be received under the General Offer		$m = k - l$	\$ 9,964,000	\$ 9,964,000
Adjusted value of REV after the Proposed Transaction		$n = h + m$	\$ 29,433,969	\$ 31,223,688
Total ordinary shares on issue in REV after the Proposed Transaction	10.3	o	121,304,367	121,304,367
Value of a REV share after the Proposed Transaction (control basis)		$p = n \div o$	\$ 0.2426	\$ 0.2574
Minority discount (based on a control premium between 20% and 29%)	7.3	q	22%	17%
<b>Value of a REV share after the Proposed Transaction (minority basis)</b>		<b><math>p \times (1 - q)</math></b>	<b>\$ 0.1893</b>	<b>\$ 0.2136</b>

Source: PKF Corporate analysis

10.4.2 In section 7.3 of this report, we calculated a control premium between 20% and 29% for REV. The reciprocal of a control premium is a minority discount. The reciprocal of a control premium of 20% to 29% is a minority discount in a range of 17% to 22%, which we have considered in the above table.

10.4.3 In our opinion, after completion of the Proposed Transaction the value of a REV ordinary share will be in a range of **\$0.1893 (18.93 cents) to \$0.2136 (21.36 cents) per share, with a mid-point of \$0.2015 (20.15 cents) per share, on a minority basis.**

10.4.4 Based on the mid-point value of \$0.2015 per share, the value of consideration being offered by REV to shareholders of RECRM comes to \$13,077,360 (64,900,048 Consideration Shares  $\times$  \$0.2015 per share) or say, \$13.08 million.



## 11. Assessment as to Fairness

- 11.1 The Proposed Transaction is 'fair' if the value of RECRM that REV may acquire is equal to or more than the consideration being offered.
- 11.2 In section 9 we assessed the value per share of RECRM to be in a range of \$1.00 to \$1.06 per share with a mid-point of \$1.03 per share. Based on this mid-point value, we calculated the total value of RECRM to be \$16,711,762 or say \$16.71 million.
- 11.3 In section 10 we assessed the value of a REV share on a minority basis after the Proposed Transaction to be in the range of \$0.1893 (18.93 cents) to \$0.2136 (21.36 cents) per share with a mid-point of \$0.2015 (20.15 cents) per share. Based on this mid-point value, we calculated the value of the consideration offered by REV to be \$13,077,360 or say \$13.08 million.
- 11.4 As the value of RECRM acquired by REV of \$16.71 million is more than the consideration offered by REV to shareholders of RECRM of \$13.08 million, we have concluded that the Proposed Transaction is **fair**.

## 12. Assessment as to Reasonableness

- 12.1 Prior to deciding whether to approve or reject the Proposed Transaction, the REV shareholders should also consider the following significant factors:
- In Section 11 of this report, we assessed the Proposed Transaction as being fair.
  - The Proposed Transaction may potentially transform REV from a small loss-making retail SaaS business with declining revenues, a comparatively small addressable market and limited growth opportunities into a profitable and cash generative diversified property technology business with recurring monthly subscription revenues, high gross margins, low churn and highly scalable technology with a number of growth opportunities (both organic and inorganic) in property technology.
  - The three-way merger of REV, CAPL (MyDesktop) and Vault is expected to create a leading real estate agent software provider in the domestic market in Australia. The merged business is expected to be profitable with a monthly recurring subscription revenue model. A cashflow positive position should allow the combined entity to continue to grow market share in Australia and New Zealand; expand into the United Kingdom market; continue to make investments in organic product innovations; and explore investment or merger and acquisition opportunities with other property technology companies both domestically and offshore to accelerate growth.
  - Further, it provides potential for value creation within the new merged entity through realisation of cost, revenue and product synergies. The merged entity is expected to generate significant operational efficiencies arising from the integration of complementary technologies and technological process improvements, as well as significant corporate cost synergies from the centralisation of administrative and corporate functions including executive leadership, finance, technology and marketing.
  - REV's existing business services only residential investment property sales to potential investors in Australia and New Zealand. Real estate agents and agencies are not paying users of REV's existing SaaS platform. After the Proposed Transaction, REV will expand its existing recurring monthly SaaS revenues and capabilities to include real estate agency offices and leverage MyDesktop and VaultRE's existing real estate agency CRM market share. The key focus for the Company will be to commence the steady transition of existing clients from MyDesktop to the new VaultRE platform. The combination of MyDesktop's existing client base and VaultRE's new technology platform will provide real estate agents the combination of both sales CRM and rental property management within a single system using the latest functionality. The existing REV business will continue to operate as part of a larger and more diverse property technology business.



- The Proposed Transaction will result in a diversification of REV's existing risk profile, given the expansion of current product mix and customer base over a larger geographic footprint. CAPL and Vault target the real estate agent market, whereas REV predominantly targets retail real estate investors. In addition, Vault provides a new geographic exposure via its businesses in the United Kingdom.
- The Proposed Transaction will allow Director's loans to be repaid through the issue of shares, and without using cash from working capital or external funding. The combined entity is also expected to be able to meet all contingent liabilities (including all deferred and contingent payments to Domain), with sufficient working capital to enable both organic growth and acquisitive growth opportunities.
- Successful completion of the Proposed Transaction would provide increased liquidity and potential upside for REV shareholders as the Company's current capital structure is not sustainable in the long term. The merged entity should be adequately capitalised to pursue growth opportunities in Australia, New Zealand and the United Kingdom.
- Shares in the Company post the Proposed Transaction are expected to be more liquid which will enable shareholders to more easily buy and sell their shares.
- Post the Proposed Transaction, the Company is also likely to have a higher market capitalisation which may lead to greater market awareness and accordingly, the Company's ability to raise funds in the future and to attract strategic investors may be improved.
- We understand that alternative acquisitions and investments in the property technology industry have been explored by Directors but are not as attractive as RECRM. Further, we understand that a potential capital raise for funds to repair the Company's balance sheet and generate business growth would not be possible due to existing debt and lack of investor support.
- The Company currently does not generate any profits. As mentioned above, the Directors have investigated a number of opportunities which have been available to the Company and are of the view that the Proposed Transaction represents the best opportunity for the Company to generate profits for shareholders.
- The Company currently has minimal working capital and has been relying on the support of Directors to remain solvent. The General Offer, if successful, will increase the amount of available working capital and also bring in one or more key strategic institutional or sophisticated investors to the Company.
- If the Proposed Transaction does not proceed, the Company would have to pursue another method of addressing its debt and cash flow challenges without the benefit of the significant benefits and other synergies that are projected to be achieved through the Proposed Transaction.
- If the Proposed Transaction is not completed, the Company would have concerns with its ability to generate sufficient sustainable cash flows to meet its short-term operating requirements and to grow and expand its existing business. It is possible that REV's shares may remain suspended from trading, and the Directors may need to explore divestment and/or asset sale. The sale of the Company or its assets would diminish shareholder value in comparison to the Proposed Transaction.
- The Proposed Transaction will result in issue of Consideration Shares as well as shares issued under the General Offer. As a result, RECRM shareholders collectively will have control over the Company and the shareholding of existing shareholders in REV will be diluted. However, existing REV shareholders will have the opportunity to subscribe for additional shares in the new merged entity under a Priority Offer.

- There is a risk that the Company's management will not be able to implement the Company's growth strategy after completion of the Proposed Transaction. Further, there is no guarantee that the Company's marketing strategy will be effective in generating an increase in the number of customers, revenue and profit, particularly if customer preferences change unpredictably and rapidly.
- The manner in which the change to the nature and scale of the Company's activities is being achieved may not be consistent with the investment, financial, taxation or other objectives of all shareholders.

12.2 Based on the above, we consider that the advantages of the Proposed Transaction outweigh the disadvantages of the Proposed Transaction, and for this reason, we consider that the Proposed Transaction is **reasonable** for the Non-Associated shareholders of REV.

### 13. Assessment as to Fairness and Reasonableness

After considering the above matters, we have concluded that the Proposed Transaction is **both fair and reasonable**.

### 14. Financial Services Guide

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

#### 14.1 PKF Corporate

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

#### 14.2 Financial services offered by PKF Corporate

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

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

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

#### 14.3 General financial product advice

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

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

#### 14.4 Independence

At the date of this report, none of PKF Corporate, Mr Paul Lom and Mr Steven Perri have any interest in the outcome of the Proposed Transaction, nor any relationship with REV, RECRM, Vault, CAPL or any of their Directors.

PKF Corporate and its related entities do not have any shareholding in or other relationship with REV that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

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

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

#### 14.5 Remuneration

PKF Corporate is entitled to receive a fee of approximately \$27,000 (plus GST) for the preparation of this report. With the exception of the above, PKF Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

#### 14.6 Complaints Process

As the holder of an Australian Financial Services Licence, PKF Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement PKF Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

PKF Corporate is also required to have a system for handling complaints from persons to whom PKF Corporate provides financial services. All complaints should be in writing and sent to the Complaints Officer, PKF Corporate at Level 12, 440 Collins Street, Melbourne VIC 3000.

PKF Corporate will make every effort to resolve a complaint within 45 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority – GPO Box 3, Melbourne VIC 3000.

Yours faithfully

**PKF Melbourne Corporate Pty Ltd**



**Paul Lom**  
Director



**Steven Perri**  
Director

## Real Estate Investar Group Limited

### Sources of Information

The key documents we have relied upon in preparing this report are:

- Implementation Deed between REV and RECRM dated 3 March 2020;
- Share Sale Agreement between RECRM and Domain dated 3 March 2020;
- Share Purchase Agreement between RECRM and Vault dated 12 March 2020;
- REV's Half-Year Financial Report for the period ended 31 December 2019;
- REV's Annual Report for the financial years ended 30 June 2018 and 30 June 2019;
- Audited financial statements for CAPL for the financial years ended 30 June 2018 and 30 June 2019,
- Reviewed financial statements for CAPL for the financial year to date ended 31 December 2019,
- Draft profit and loss account for CAPL for the financial year to date ended 30 April 2020;
- Pro forma financial statements for Vault for the financial years ended 30 June 2018 and 30 June 2019,
- Pro forma financial statements for Vault for the half year ended 31 December 2019 and the year to date ended 28 February 2020;
- Draft profit and loss account for Vault for the financial year to date ended 31 March 2020;
- Completion accounts of CAPL for the transaction between RECRM and Domain;
- REV's draft Notice of General Meeting and Explanatory Memorandum relating to the Proposed Transaction;
- REV's shareholding report as at 22 April 2020;
- Strategic Investor Presentation prepared by Streamwood Capital Ltd;
- ASIC extracts for RECRM and CAPL;
- Research data from publicly accessible web sites in particular REV's ASX announcements; and
- Discussions with the management of REV and RECRM.

## Real Estate Investar Group Limited

### Declarations, Qualifications and Consents

#### 1. Declarations

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

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

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

#### 2. Qualifications

Mr Paul Lom, a director of PKF Corporate prepared, this report. He has been responsible for the preparation of many expert reports and is involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Fellow of Chartered Accountants Australia and New Zealand (CAANZ) and an accredited Business Valuation Specialist (CA BV Specialist), with more than 40 years of experience in the accounting profession. He was a partner at KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe. He has specialised in the provision of independent valuations for a range of legal and commercial purposes, assessments of loss and damage, share and options valuations, valuation of intangible assets and preparation of Independent Expert Reports (IERs).

Mr Steven Perri, a director of PKF Corporate, reviewed this report. Mr Perri is a member of Chartered Accountants Australia and New Zealand (CAANZ) and an accredited Business Valuation Specialist (CA BV Specialist) with over 20 years of experience in due diligence, valuations, and mergers and acquisitions. He has provided valuation services ranging from dispute resolutions to small family businesses to Independent Expert Reports (IERs) to ASX listed clients.

#### 3. Consent

PKF Corporate consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.

### Trading comparable companies as at 30 June 2020

	Stock Code	Market <sup>1</sup> Cap AUD m	Enterprise <sup>2</sup> Value AUD m	LTM Revenue AUD m	LTM Revenue multiple	NTM Revenue AUD m	Forward Revenue multiple	LTM EBITDA AUD m	LTM EBITDA multiple	NTM EBITDA AUD m	Forward EBITDA multiple
REA Group Limited	ASX:REA	14,209.4	14,451.0	911.5	15.9	804.1	18.0	435.7	33.2	466.0	31.0
Technology One Limited	ASX:TNE	2,801.2	2,747.6	294.5	9.3	302.8	9.1	81.9	33.5	100.5	27.3
Domain Holdings Australia Limited	ASX:DHG	1,958.5	2,164.3	296.6	7.3	260.1	8.3	62.3	34.8	74.9	28.9
RMA Global Limited	ASX:RMY	112.9	105.8	7.2	14.7	7.0	15.1	(9.2)	n/a	(9.4)	n/a
McGrath Limited	ASX:MEA	31.7	50.4	89.1	0.6	n/a	n/a	(3.2)	n/a	-	n/a
Urbanise.com Limited	ASX:UBN	47.2	42.9	8.7	4.9	9.9	4.3	(3.7)	n/a	(1.6)	n/a
Acumentis Group Limited	ASX:ACU	12.5	20.3	35.0	0.6	n/a	n/a	(7.2)	n/a	-	n/a
The Agency Group Australia Limited	ASX:AU1	12.9	28.9	46.5	0.6	n/a	n/a	(1.5)	n/a	-	n/a
Rent.com.au Limited	ASX:RNT	10.0	9.4	2.3	4.1	n/a	n/a	(1.9)	n/a	-	n/a
AssetOwl Limited	ASX:AO1	3.4	3.2	0.0	207.0	n/a	n/a	(1.2)	n/a	-	n/a
<b>Average</b>					<b>6.4</b>		<b>11.0</b>		<b>33.8</b>		<b>29.1</b>
<b>Median</b>					<b>4.9</b>		<b>9.1</b>		<b>33.5</b>		<b>28.9</b>

Source: S&P Capital IQ, PKF Corporate analysis

<sup>1</sup> Share prices used to determine the market capitalisation of each of the comparable companies were closing share prices as at 30 June 2020

<sup>2</sup> Enterprise value (EV) = Market Capitalisation – Cash + Debt – Preferred Equity + Minority Interest

LTM = Last Twelve Months, NTM = Next Twelve Months, n/a = not applicable

Our calculation of average and median multiples excludes numbers which we have considered 'outliers' and highlighted in grey

## Precedent transactions

Target name	Acquirer name	Announced	Interest acquired %	Transaction size AUD m	Implied EV AUD m	LTM Revenue AUD m	Implied Revenue multiple	Implied EBIT multiple	Implied EBITDA multiple
Vocam Pty Ltd	Elmo Software Limited (ASX:ELO)	12-Feb-20	100.0%	3.54	3.54	1.50	2.4	n/a	n/a
Kounta Pty Ltd	Lightspeed POS Inc. (TSX:LSPD)	21-Oct-19	100.0%	63.04	63.04	9.33	6.8	n/a	n/a
Container Chain Pty Ltd	WiseTech Global Limited (ASX:WTC)	26-Feb-19	100.0%	91.89	91.89	14.40	6.4	n/a	n/a
Hotcopper Holdings Limited (ASX:HOT)	Undisclosed	12-Dec-18	6.4%	1.00	15.63	4.79	3.3	11.5	11.3
MYOB Group Limited	KKR & Co. Inc. (NYSE:KKR)	08-Oct-18	80.1%	2,036.76	2,434.62	438.10	5.6	24.5	18.5
MYOB Group Limited	KKR & Co. Inc. (NYSE:KKR)	08-Oct-18	17.7%	327.45	2,287.62	438.10	5.2	23.0	17.4
Decimal Software Limited	Sargon Capital Pty Ltd	20-Sep-18	100.0%	4.38	4.38	1.07	4.1	n/m	n/m
Vicus Residential Pty Ltd	The Agency Group Australia Limited (ASX:AU1)	11-Apr-18	100.0%	0.86	0.86	1.00	0.9	n/a	2.9
Bulletproof Group Limited	Australian Centre For Advanced Computing And Communication Pty Ltd	22-Jan-18	100.0%	27.07	27.07	47.95	0.6	n/m	9.1
Aconex Limited	Vantive Australia Pty Ltd	18-Dec-17	100.0%	1,616.86	1,616.86	166.08	9.7	n/m	n/m
Sell Lease Property Pty Ltd and Complete Settlements Pty Ltd and Value Finance Pty Ltd	The Agency Group Australia Limited (ASX:AU1)	14-Dec-17	100.0%	0.95	0.95	9.55	0.1	n/a	n/a
WiseTech Global Limited (ASX:WTC)	Undisclosed	13-Dec-17	2.0%	73.08	3,654.00	164.88	22.2	n/m	n/m
Temando Pty Ltd	Quadient SAS (ENXTPA:QDT)	19-Sep-17	35.0%	35.01	100.03	1,715.02	0.1	n/m	m/m
iProperty Group Limited	REA Group Limited (ASX:REA)	02-Nov-15	77.3%	581.58	754.13	25.93	29.1	n/m	n/m
<b>Low</b>							<b>0.1</b>	<b>11.5</b>	<b>2.9</b>
<b>Average</b>							<b>4.5</b>	<b>19.7</b>	<b>11.8</b>
<b>Median</b>							<b>4.7</b>	<b>23.0</b>	<b>11.3</b>
<b>High</b>							<b>29.1</b>	<b>24.5</b>	<b>18.5</b>

Source: S&P Capital IQ, PKF Corporate analysis

LTM = Last Twelve Months, NTM = Next Twelve Months, n/m = not meaningful, n/a = not applicable

Our calculation of average and median multiples excludes numbers which we have considered 'outliers' and highlighted in grey

## Corporate Directory

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### **Real Estate Investar Group Limited**

Registered office in Australia

Suite 810, Level 8, 2 Queen Street

Melbourne, Victoria 3000

Australia

### **Share Registry**

Boardroom Pty Limited

Level 12, 225 George Street

Sydney, New South Wales 2001

Australia

Telephone: 1300 737 760 (within Australia)  
+ 612 9290 9600 (outside Australia)

Fax: + 61 2 9290 9655

### **Company Contact:**

Joe Hanna, Director

Telephone: + 61 417 334 001

Email: [joe@realestateinvestar.com.au](mailto:joe@realestateinvestar.com.au)





#### All Correspondence to:

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

📠 **By Fax:** +61 2 9290 9655

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

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

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:30am (AEST) on 28 September 2020.**

### 🖥 TO VOTE ONLINE

**STEP 1: VISIT** <https://www.votingonline.com.au/revegm2020>

**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 PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

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

##### Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

##### Proxy which is a Body Corporate

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

#### STEP 3 SIGN THE FORM

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

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

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

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

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

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:30am (AEST) on 28, September 2020.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

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

- 🖥 **Online** <https://www.votingonline.com.au/revegm2020>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

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

**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

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

I/We being a member/s of **Real Estate Investar 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 securityholder) 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 Extraordinary General Meeting of the Company to be held via GoToWebinar teleconferencing facility **on Wednesday, 30 September, 2020 at 10:30am (AEST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 14-16 (inclusive) I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 14-16 (inclusive) are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting intends to vote all available undirected proxies in favour of each of the items of business. If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

**STEP 2 VOTING DIRECTIONS**

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

		FOR	AGAINST	ABSTAIN*			FOR	AGAINST	ABSTAIN*
<b>Res 1</b>	Approval of the change to nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 10</b>	Approval of the issue of Shares to related party – Sam Plowman – proposed participation in the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 2</b>	Approval of the Consolidation of the Company's issued capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 11</b>	Approval of the issue of Shares to related party – Georg Chmiel – proposed participation in the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 3</b>	Approval of the issue of Consideration Shares to the Sellers – Unrelated Sellers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 12</b>	Appointment of Mr. Georg Chmiel as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 4</b>	Approval of the issue of Consideration Shares to an entity associated with Mr. Simon Baker – Related Party Seller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 13</b>	Appointment of Mr. Scott Wulff as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 5</b>	Approval of the issue of Consideration Shares to an entity associated with Mr. Joe Hanna – Related Party Seller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 14</b>	Issue of Shares to Director in partial satisfaction of Accrued Remuneration Entitlements – Mr. Simon Baker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 6</b>	Approval of the issue of Consideration Shares to Mr. Sam Plowman – Related Party Seller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 15</b>	Issue of Shares to Director in partial satisfaction of Accrued Remuneration Entitlements – Mr. Joe Hanna	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 7</b>	Approval of the issue of Shares pursuant to the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 16</b>	Issue of Shares to Director in partial satisfaction of Accrued Remuneration Entitlements – Mr. Sam Plowman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 8</b>	Approval of the issue of Shares to related party – Simon Baker – proposed participation in the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 17</b>	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 9</b>	Approval of the issue of Shares to related party – Joe Hanna – proposed participation in the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 18</b>	Section 195 Approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**STEP 3 SIGNATURE OF SECURITYHOLDERS**

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

Individual or Securityholder 1

Securityholder 2

Securityholder 3




Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2020