

ASX RELEASE

SCHEME BOOKLET REGISTERED WITH ASIC

9 September 2016

Onthehouse Holdings Limited (**Onthehouse** or **Company**) (**ASX:OTH**) is pleased to announce that the Australian Securities and Investments Commission (**ASIC**) has registered the Scheme Booklet (**Scheme Booklet**) in relation to the proposed scheme of arrangement under which a consortium of investors comprising PIQ1 Pty Ltd and Macquarie Corporate Holdings Pty Limited (both wholly-owned subsidiaries of Macquarie Group Limited) and 77 Victoria Street Trust and Sandrift Pte Limited (entities of which Michael Dempsey and Daniel Dempsey are each affiliated) (**Consortium**) will acquire all of the shares in Onthehouse not already held by, or on behalf of a member of the Consortium (**Scheme**). Registration with ASIC follows the issuance of orders by the Federal Court of Australia approving distribution of the Scheme Booklet to Onthehouse shareholders.

If the Scheme is approved by the requisite majority of Onthehouse shareholders and all other conditions precedent are satisfied, Onthehouse shareholders will receive A\$0.85 cash per share.

Lonergan Edwards, the independent expert appointed by the Independent Directors of Onthehouse to give an opinion on the Scheme, has concluded that the Scheme is in the best interests of Onthehouse shareholders in the absence of a superior proposal.

A copy of the Scheme Booklet, which includes the Independent Expert's Report, a Notice of Scheme Meeting and a copy of the proxy form for the Scheme meeting is attached to this announcement. Printed copies will be sent to Onthehouse shareholders on or about Monday 12 September 2016 by post or, if Onthehouse shareholders have previously nominated, by email providing instructions on how to download the Scheme Booklet electronically and lodge the proxy online.

Accompanying the Scheme Booklet will be a copy of the notice of extraordinary general meeting to be held immediately before the Scheme meeting to allow Onthehouse Shareholders to consider whether or not to approve the prior disposal of Onthehouse's Consumer Online Division on 11 May 2016.

The Independent Directors of Onthehouse continue to unanimously recommend, in the absence of a superior proposal, that Onthehouse shareholders vote in favour of the resolution at the Scheme Meeting to be held Wednesday, 12 October 2016.

- ENDS -

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Scheme Booklet

For a scheme of arrangement in relation to the proposed acquisition by the Consortium of all Onthehouse Shares held by Scheme Shareholders for the Scheme Consideration per Scheme Share.

VOTE YES

YOUR INDEPENDENT DIRECTORS UNANIMOUSLY RECOMMEND THAT, IN THE ABSENCE OF A SUPERIOR PROPOSAL, ONTHEHOUSE SHAREHOLDERS APPROVE THE SCHEME BY VOTING IN FAVOUR OF THE SCHEME RESOLUTION

This is an important document and requires your immediate attention. You should read this document carefully and in its entirety before deciding whether or not to vote in favour of the resolution to approve the Scheme. If you are in doubt as to what you should do, you should consult your legal, financial or other professional advisor.

If, after reading this Scheme Booklet, you have any questions about the Scheme or how to vote, please email enquiries@boardroomlimited.com.au.

If you have recently sold all of your Onthehouse Shares, please disregard this document.

ACN 150 139 781

Important notices

Defined terms

Capitalised terms used in this Scheme Booklet are defined in the Glossary in section 8 of this Scheme Booklet.

This Scheme Booklet

This Scheme Booklet includes the explanatory statement required to be sent to Onthehouse Shareholders in relation to the Scheme under Part 5.1 of the Corporations Act. A copy of the proposed Scheme is set out in Attachment B to this Scheme Booklet.

You should read this Scheme Booklet carefully and in its entirety before making a decision as to how to vote on the resolution to be considered at the Scheme Meeting. If you are in doubt as to what you should do, you should consult your legal, financial or other professional advisor.

Responsibility for information

- (a) Except as provided in paragraphs (b) to (d) below, the information in this Scheme Booklet has been provided by Onthehouse and is the responsibility of Onthehouse. The Consortium and its directors, officers, employees and advisors do not assume any responsibility for the accuracy or completeness of any such Onthehouse information.
- (b) the Consortium Members have provided and are responsible for the Consortium Information. Onthehouse and its directors, officers, employees and advisors do not assume any responsibility for the accuracy or completeness of the Consortium Information. No Consortium Member or any of their respective directors, officers, employees and advisors assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than for the Consortium Information.
- (c) Gilbert + Tobin has provided and is responsible for the information contained in section 6 of this Scheme Booklet. Neither Onthehouse nor any Consortium Member assumes any responsibility for the accuracy or completeness of the information contained in section 6 of this Scheme Booklet. Gilbert + Tobin does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than that contained in section 6.
- (d) The Independent Expert, Lonergan Edwards, has provided and is responsible for the information contained in Attachment D to this Scheme Booklet. Onthehouse does not assume any responsibility for the accuracy or completeness of the information contained in Attachment D to this Scheme Booklet except in relation to information given by it to the Independent Expert. The Consortium does not assume any responsibility for the accuracy or completeness of the information contained in Attachment D to this Scheme Booklet. The Independent Expert does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than that contained in Attachment D.

Boardroom has had no involvement in the preparation of any part of this Scheme Booklet other than being named as Onthehouse's Registry. Boardroom has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Scheme Booklet.

Investment decisions

The information in this Scheme Booklet does not constitute financial product advice. This Scheme Booklet has been prepared without reference to the investment objectives, financial situation or particular needs of any Onthehouse Shareholder or any other person.

This Scheme Booklet should not be relied on as the sole basis for any investment decision. Independent legal, financial and taxation advice should be sought before making any investment decision in relation to your Onthehouse Shares.

ASIC and ASX involvement

This document is the explanatory statement for the scheme of arrangement between Onthehouse and the holders of Onthehouse Shares as at the Scheme Record Date for the purposes of section 412(1) of the Corporations Act. A copy of the proposed Scheme is included in this Scheme Booklet as Attachment B.

A copy of this Scheme Booklet (including the Independent Expert's Report) has been lodged with and registered for the purposes of section 412(6) of the Corporations Act by ASIC. ASIC has been requested to provide a statement in accordance with section 411(17)(b) of the Corporations Act that ASIC has no objection to the Scheme. If ASIC provides that statement, then it will be produced to the Court on the Second Court Date.

Neither ASIC nor any of its officers take any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been lodged with the ASX. Neither the ASX nor any of its officers take any responsibility for the contents of this document.

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

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

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

Disclosure regarding forward-looking statements

This Scheme Booklet contains both historical and forward-looking statements.

The forward-looking statements in this Scheme Booklet are not based on historical facts, but rather reflect the current views of Onthehouse or, in relation to the Consortium Information, the Consortium Members, held only as at the date of this Scheme Booklet concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipated", "intending", "foreseeing", "likely", "should", "planned", "may", "estimated", "potential", or other similar words and phrases. Similarly, statements that describe Onthehouse's and the Consortium Members' objectives, plans, goals or expectations are or may be forward-looking statements.

The statements in this Scheme Booklet about the impact that the Scheme may have on the results of Onthehouse's operations, and the advantages and disadvantages anticipated to result from the Scheme, are also forward-looking statements.

Any forward-looking statements included in the Consortium Information have been made on reasonable grounds. Although the Consortium Members believe that the views reflected in any forward-looking statements included in the Consortium Information have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

Any other forward-looking statements included in this Scheme Booklet and made by Onthehouse have been made on reasonable grounds. Although Onthehouse believes that the views reflected in any forward-looking statements in this Scheme Booklet (other than the Consortium Information, the information in section 6 and the information in Attachment D) have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause either Onthehouse's or a Consortium Member's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. Deviations as to future results, performance and achievements are both normal and to be expected. Onthehouse Shareholders should note that the historical financial performance of Onthehouse is no assurance of future financial performance of Onthehouse (whether the Scheme is implemented or not). Onthehouse Shareholders should review carefully all of the information included in this Scheme Booklet. The forward-looking statements included in this Scheme Booklet are made only as of the date of this Scheme Booklet. Neither Onthehouse, nor the Consortium Members, nor their respective directors, officers, employees or advisors give any representation, assurance or guarantee to Onthehouse Shareholders that any forward-looking statements will actually occur or be achieved. Onthehouse Shareholders are cautioned not to place undue reliance on such forward-looking statements.

Subject to any continuing obligations under law or the Listing Rules, Onthehouse and the Consortium do not give any undertaking to update or revise any forward-looking statements after the date of this Scheme Booklet to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

Privacy and personal information

Onthehouse and the Consortium may collect personal information to implement the Scheme. The personal information may include the names, contact details and details of holdings of Onthehouse Shareholders, plus contact details of individuals appointed by Onthehouse Shareholders as proxies, corporate representatives or attorneys at the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act. Onthehouse Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them and can contact the Registry by calling + 61 2 9290 9600 if they wish to exercise those rights.

The information may be disclosed to print and mail service providers, and to Onthehouse and the Consortium and their respective related bodies corporate and advisors to the extent necessary to effect the Scheme. If the information outlined above is not collected, Onthehouse may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme effectively or at all. Onthehouse Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should inform that individual of the matters outlined above. Your information may also be disclosed to Australian government agencies, law enforcement agencies and regulators, or as required under other Australian law, contract, and court or tribunal order.

Notice to persons outside Australia

This Scheme Booklet and the Scheme are subject to Australian disclosure requirements, which may be different from the requirements applicable in other jurisdictions. The financial information included in this document is based on financial statements that have been prepared in accordance with Australian equivalents to International Financial Reporting Standards, which may differ from generally accepted accounting principles in other jurisdictions.

This Scheme Booklet and the Scheme do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet.

Times and dates

Times in this Scheme Booklet are specified as being either Sydney time or Brisbane time. On and from 2:00am on Sunday 2 October 2016 Sydney time and Brisbane time will not align due to the start of daylight saving time in New South Wales.

All dates following the date of the Scheme Meeting are indicative only and are subject to the Court approval process and the satisfaction or, where applicable, waiver of the Conditions Precedent to the implementation of the Scheme (see section 2.3 of this Scheme Booklet).

Currency

The financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated. A reference to \$ and cents is to Australian currency, unless otherwise stated.

Date

This Scheme Booklet is dated [] September 2016.

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Chairman's Letter

Dear Onthehouse Shareholder,

I am pleased to provide you with this Scheme Booklet, which contains important information in relation to the proposed acquisition of Onthehouse Holdings Limited (**Onthehouse**) by a consortium of investors being:

- PIQ1 and MCHPL¹ (subsidiaries of Macquarie Group Limited (ASX:MQG)); and
- 77VSV and Sandrift (entities which are affiliated with Michael Dempsey and Daniel Dempsey who are both Onthehouse Directors, but are not members of the independent board committee which was formed by the Onthehouse Board following the Consortium's initial approach to Onthehouse in December 2015, to consider the Consortium's initial approach),

(the **Consortium**).

Accompanying this Scheme Booklet is a notice of meeting and explanatory memorandum for the extraordinary general meeting (**EGM**) to be held immediately before the Scheme Meeting to allow Onthehouse Shareholders to consider whether or not to approve a resolution (**EGM Resolution**) in relation to the disposal of the consumer online division on 11 May 2016 (**COD Disposal**) which is described in section 3.2 of this Scheme Booklet. The passing of the EGM Resolution is a condition precedent to the Scheme and if it is not passed the Scheme Meeting will not be held and Onthehouse Shareholders will not have the opportunity to approve the Scheme.

The Scheme

On 24 December 2015, Onthehouse announced that it had established an independent board committee consisting of the Independent Directors, being myself, Lisa Hickson and Angus Johnson, to consider the initial unsolicited, conditional and indicative proposal received from the Consortium. On 9 March 2016, Onthehouse announced that it had received a revised non-binding conditional proposal from certain members of the Consortium.

On 6 July 2016, Onthehouse announced that it had entered into a Scheme Implementation Deed with the Consortium.

If the Scheme is approved, the Consortium will acquire all of the Onthehouse Shares that are not owned by 77VSV through a scheme of arrangement (**Scheme**) for cash consideration of \$0.85 per Onthehouse Share.

This Scheme Consideration represents a significant premium of:

- 47% to the closing price of \$0.58 on 22 December 2015, being the last trading day before the release of the notices of initial substantial holder by each of CoreLogic Australia Holdings and Macquarie Group Limited;
- 50% to the 30 day VWAP up to and including 22 December 2015;
- 54% to the 90 day VWAP up to and including 22 December 2015;
- 27% to the highest Onthehouse Share price in the 52 week period up to and including 22 December 2015; and
- 75% to the lowest Onthehouse Share price in the 52 week period up to and including 22 December 2015.

¹ PIQ1 is a wholly owned subsidiary of Macquarie Bank Limited.

MCHPL is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Cth), and MCHPL's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of MCHPL.

The Scheme Consideration implies a market capitalisation for Onthehouse of \$70,236,761.40.

Independent Directors' unanimous recommendation

The Independent Directors considered the advantages and disadvantages of the Scheme and unanimously recommend that Onthehouse Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal. Certain of the Independent Directors (being Tony Scotton and Angus Johnson) have an interest in the Scheme as a result of their interest in Onthehouse Shares, as set out in section 3.7. Each Independent Director has an interest in the Scheme as they will be paid the cancellation consideration set out in section 7.2 in relation to their Onthehouse Options.

The Scheme, if implemented, will provide Onthehouse Shareholders with immediate and significant value without the risks inherent in maintaining a shareholding in Onthehouse while Onthehouse transitions its Console platform to become a cloud, software-as-a-service offering – something that the Independent Directors believe is critical for the Console platform to retain its strong position in the market.

Should an alternative proposal emerge, the Independent Directors, consistent with our fiduciary duties, will carefully consider the merits of any such proposal to determine whether it may constitute a Superior Proposal.

If the Scheme does not proceed, Onthehouse will continue as an entity listed on the ASX and Onthehouse Shareholders will not receive the Scheme Consideration of A\$0.85 cash per Onthehouse Share. If the Scheme is not implemented, and no Superior Proposal emerges, the Onthehouse Independent Directors consider that the price of Onthehouse Shares may fall, at least in the short term.

Independent Expert's conclusion

The Onthehouse Independent Directors commissioned the specialist valuation firm, Lonergan Edwards, to act as Independent Expert to:

- assess whether the Scheme was in the best interest of Onthehouse Shareholders; and
- prepare an Independent Expert's Report in relation to its determination.

Lonergan Edwards has assessed the value of an Onthehouse Share, on a controlling basis, to be in the range of \$0.65 to \$0.75 and on that basis, concluded that, in the absence of a superior proposal, the Scheme is in the best interests of Onthehouse Shareholders. The reasons the Independent Expert reached this conclusion are set out in the Independent Expert's Report, a copy of which is included in Attachment D.

Scheme Meeting

The Scheme can only be implemented if it is approved by the Requisite Majorities of Onthehouse Shareholders at the Scheme Meeting (see section 2.5(b) of this Scheme Booklet for further details of the Requisite Majorities). I strongly encourage you to participate in this important decision for Onthehouse Shareholders by either attending the Scheme Meeting which, if Onthehouse Shareholders approve the EGM Resolution, will be held immediately after the closing of the EGM, which is scheduled to be held on Wednesday 12 October 2016 at 10:00am (Brisbane time) at the offices of Onthehouse at Level 2, 200 Adelaide St, Brisbane or, if you are unable to attend in person, by completing the enclosed proxy form.

Further information

In addition to the approval of Onthehouse Shareholders, the Scheme is subject to certain other Conditions Precedent, including the approval of the Federal Court, as described in section 2.3.

The reasons to vote in favour of the Scheme Resolution are set out in detail in section 1.2. There are also reasons why you may choose to vote against the Scheme Resolution which are set out in section 1.3.

Information as to the transactions and agreements that the Consortium Members propose to cause Onthehouse to enter into if the Scheme is Implemented is set out in sections 4.5(b) and 4.5(c). Onthehouse Shareholders do not have the ability to participate in those transactions and agreements as they will not occur if the Scheme is not implemented.

I encourage you to read this Scheme Booklet carefully and in its entirety as it contains important information that will need to be considered before you vote on the Scheme Resolution required to implement the Scheme. I also encourage you to seek independent legal, financial, taxation or other professional advice before making an investment decision in relation to your Onthehouse Shares.

If you have questions regarding the number of Onthehouse Shares you hold or how to vote, please contact the Registry on 1300 737 760 or (02) 9290 9600 (within Australia) or +61 2 9290 9600 (outside Australia) Monday to Friday between 9:00am and 5:00pm (Sydney time) or contact your broker or legal, financial, taxation or other professional adviser.

I also wish to take this opportunity to thank you for your ongoing support of Onthehouse. I look forward to your participation at the Scheme Meeting.

Yours sincerely,

Tony Scotton

Chairman

Key Dates

Time and Date	Event
10.00am (Brisbane time) on Monday 10 October 2016	Scheme Meeting proxies and powers of attorney – the last date and time by which proxy forms and powers of attorney for the Scheme Meeting must be received by the Registry.
7:00pm (Sydney time) on Monday 10 October 2016	Meeting Record Date - date and time for determining eligibility to vote at the Scheme Meeting.
Immediately after the closing of the EGM, which is scheduled to be held on Wednesday 12 October 2016 at 10:00am (Brisbane time).	Scheme Meeting – if Onthehouse Shareholders approve the EGM Resolution, the Scheme Meeting will be held at the offices of Onthehouse at Level 2, 200 Adelaide St, Brisbane (being the same location of the EGM).

IF ONTHEHOUSE SHAREHOLDERS APPROVE THE SCHEME AT THE SCHEME MEETING

Wednesday 19 October 2016	Second Court Date to approve the Scheme
Wednesday 19 October 2016	Outcome of Second Court Hearing announced to ASX
Thursday 20 October 2016	Effective Date – this is the date on which the Scheme comes into effect and is binding on Scheme Shareholders, the Court order is lodged with ASIC and announced on Onthehouse's website (shareholders.onthehouse.com.au)
Close of trading on Thursday 20 October 2016	Suspension of trading in Onthehouse Shares on the ASX. Scheme Shareholders must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Effective Date. If the Scheme proceeds, close of trading on the Effective Date will be the last time that Scheme Shares can be disposed of.
7:00pm (Sydney time) on Thursday 27 October 2016 (5 th Business Day after Effective Date)	Scheme Record Date – all Onthehouse Shareholders who hold Onthehouse Shares on the Scheme Record Date will be entitled to receive the Scheme Consideration.
Thursday 3 November 2016 (5 th Business Day after the Scheme Record Date)	Implementation Date - all Scheme Shareholders will be sent the Scheme Consideration to which they are entitled on this date.

All dates following the date of the Scheme Meeting are indicative only and are subject to the Court approval process and the satisfaction or, where applicable, waiver of the Conditions Precedent to the implementation of the Scheme (see section 2.3 of this Scheme Booklet).

All dates and times in this Scheme Booklet refer to the date and time in either Sydney, Australia or Brisbane, Australia (as applicable). Any changes to the above timetable will be notified on Onthehouse's website at shareholders.onthehouse.com.au and announced to Onthehouse Shareholders via the ASX.

Purposes of this Scheme Booklet

On 6 July 2016, Onthehouse announced that it had entered into a Scheme Implementation Deed to implement the Scheme under which the Consortium Members (in their respective proportions) would acquire all of the Scheme Shares for the Scheme Consideration per Scheme Share. The Independent Directors unanimously recommend, in the absence of a Superior Proposal, that Onthehouse Shareholders vote in favour of the Scheme Resolution. Subject to that qualification, each Independent Director intends to vote all Onthehouse Shares that he or she controls in favour of the Scheme Resolution.

The transaction will be effected via a scheme of arrangement, enabling Onthehouse Shareholders to vote on the Scheme. If the Scheme is approved by Onthehouse Shareholders and the Court and is implemented, Scheme Shareholders will receive the Scheme Consideration (being \$0.85 per Onthehouse Share).

The purpose of this Scheme Booklet is to explain the terms of the proposed Scheme and provide you with information on the Scheme to assist you in your decision whether or not to vote in favour of the Scheme.

Voting will take place at the Scheme Meeting to be held immediately after the closing of the EGM (if Onthehouse Shareholders approve the EGM Resolution) to be held on Wednesday 12 October 2016 at 10:00am (Brisbane time) at the offices of Onthehouse at Level 2, 200 Adelaide St, Brisbane.

Onthehouse Shareholders should read this Scheme Booklet in full before deciding how to vote. The Scheme has a number of advantages, disadvantages and risks which may affect Onthehouse Shareholders in different ways depending on their individual circumstances. Onthehouse Shareholders should seek professional advice on their particular circumstances, as appropriate.

Reasons to vote in favour of the Scheme

✓	The Independent Directors unanimously recommend, in the absence of a Superior Proposal, that you vote in favour of the Scheme
✓	The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is in the best interests of Onthehouse Shareholders.
✓	The Cash Consideration of \$0.85 per Share is at a premium to the range the Independent Expert determined for the value of an Onthehouse Share, on a controlling basis, and in the absence of a superior proposal.
✓	The Scheme Consideration of \$0.85 per Share represents an attractive premium of: <ul style="list-style-type: none">• 47% to the closing price of \$0.58 on 22 December 2015, being the last trading day immediately preceding the release of the notices of initial substantial holder by each of CoreLogic Australia Holdings and Macquarie Group Limited;• 50% to the 30 day VWAP up to and including 22 December 2015;• 54% to the 90 day VWAP up to and including 22 December 2015;• 27% to the highest Onthehouse Share price in the 52 week period up to and including 22 December 2015; and

	<ul style="list-style-type: none"> 75% to the lowest Onthehouse Share price in the 52 week period up to and including 22 December 2015.
✓	All cash consideration delivers certainty and immediate value for your Onthehouse Shares
✓	No Superior Proposal has emerged as at the date of this Scheme Booklet
✓	Onthehouse's share price may fall if the Scheme is not implemented and you will continue to be subject to the risks and uncertainties associated with an investment in Onthehouse
✓	No brokerage or stamp duty will be payable by you on the transfer of your Onthehouse Shares under the Scheme

Reasons not to vote in favour of the Scheme

✗	You may disagree with the Independent Directors and the opinion of the Independent Expert and consider that the Scheme is not in your best interests
✗	You may prefer to have the opportunity to participate in any potential future value creation that may result from being an Onthehouse Shareholder
✗	You may believe it is in your best interests to maintain your current investment and risk profile
✗	The tax consequences of the Scheme may not suit your current financial position
✗	You may believe there is the potential for a Superior Proposal to be made in the foreseeable future

For more information about the reasons to vote against the Scheme, please see section 1.3 of this Scheme Booklet which you should read carefully and in its entirety.

What are your options and what should you do?

Vote in favour of the Scheme	<p>This is the course of action unanimously recommended by your Independent Directors, in the absence of a Superior Proposal.</p> <p>To follow your Independent Directors' unanimous recommendation, you should:</p> <ul style="list-style-type: none"> vote in favour of the EGM Resolution at the EGM on Wednesday 12 October 2016; and vote in favour of the Scheme at the Scheme Meeting on Wednesday 12 October 2016. <p>For a summary of how to vote on the Scheme, please refer to the Notice of Scheme Meeting contained in Attachment A.</p>
Vote against the Scheme	<p>Notwithstanding your Independent Directors' unanimous recommendation, if you do not support the Scheme, you may vote against the Scheme at the Scheme Meeting on Wednesday 12 October 2016.</p> <p>However, if all the Conditions Precedent for the Scheme are satisfied or waived (including that the Requisite Majorities, explained in section 2.5(b) of this Scheme</p>

	<p>Booklet, are passed and that the Court approves the Scheme at the Second Court Hearing), the Scheme will bind all Onthehouse Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting on Wednesday 12 October 2016 and those who do not vote at all.</p>
<p>Sell your Onthehouse Shares on market</p>	<p>The existence of the Scheme does not preclude you from selling some or all of your Onthehouse Shares on market for cash, if you wish, provided you do so before close of trading in Onthehouse Shares on the ASX on the Effective Date (currently expected to be Thursday, 20 October 2016), when trading in Onthehouse Shares will cease.</p> <p>If you are considering selling some or all of your Onthehouse Shares:</p> <ul style="list-style-type: none"> • you should have regard to the prevailing trading prices of Onthehouse Shares and compare those to the Scheme Consideration. You may ascertain the current trading prices of Onthehouse Shares through the ASX website (www.asx.com.au); and • you should contact your stockbroker for information on how to effect that sale. <p>Onthehouse Shareholders who sell some or all of their Onthehouse Shares on ASX:</p> <ul style="list-style-type: none"> • may receive payment (which may vary from the Scheme Consideration) for the sale of their Shares sooner than they would receive the Scheme Consideration under the Scheme; • may incur a brokerage charge; • only in respect of those Onthehouse Shares they have sold (if they have sold some but not all of their Onthehouse Shares), will not be able to participate in the Scheme or a Superior Proposal, if one emerges; and • may be liable for CGT on the disposal of their Onthehouse Shares (as you also may be under the Scheme). See the taxation implications for Scheme Shareholders set out in section 6.
<p>Do nothing</p>	<p>Onthehouse Shareholders who elect to not vote at the Scheme Meeting on Wednesday 12 October 2016 or not to sell their Onthehouse Shares on market prior to close of trading on the ASX on the Effective Date will:</p> <ul style="list-style-type: none"> • if the Scheme is implemented – have their Onthehouse Shares compulsorily transferred to the Consortium by operation of the Scheme and receive the Scheme Consideration of \$0.85 cash per Onthehouse Share; or • if the Scheme is not implemented – retain their Onthehouse Shares.

Next Steps

Carefully read this Scheme Booklet

This is an important document and you should read it carefully and in its entirety before making a decision on how to vote at the Scheme Meeting.

Vote on the Scheme

As an Onthehouse Shareholder you are entitled to vote on whether the Scheme should proceed at the Scheme Meeting. Please refer to the following pages of this Scheme Booklet for details on how to vote at the Scheme Meeting, including by proxy.

Seek further information

If you have any questions in relation to the Scheme or how to vote, please email enquiries@boardroomlimited.com.au.

If you have questions regarding the number of Onthehouse Shares you hold or how to vote, please contact the Registry on 1300 737 760 or (02) 9290 9600 (within Australia) or +61 2 9290 9600 (outside Australia) Monday to Friday between 9:00am and 5:00pm (Sydney time).

If you have any doubts as to the actions you should take or you have further questions, please contact your legal, investment or other professional advisor.

Why you should vote

As a Scheme Shareholder, you have a say in whether the Consortium will acquire all of the issued shares in Onthehouse. This is your opportunity to play a role in deciding the future of Onthehouse.

How to vote

Who is entitled to vote at the Scheme Meeting?

If you are registered on the Register as an Onthehouse Shareholder at 7:00pm (Sydney time) on Monday 10 October 2016 (**Meeting Record Date**), then you will be entitled to attend and vote at the Scheme Meeting.

In the case of Onthehouse Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one Onthehouse Shareholder votes in respect of jointly held Onthehouse Shares, only the vote of the Onthehouse Shareholder whose name appears first in the Register will be counted.

Your vote is important

In order for the Scheme to be implemented, the Scheme Resolution must be approved by Onthehouse Shareholders at the Scheme Meeting by the Requisite Majorities.

For this reason, the Independent Directors unanimously recommend that you vote in favour of the Scheme Resolution in the absence of a Superior Proposal.

If you are unable to attend the Scheme Meeting, the Independent Directors encourage you to complete and return, in the enclosed reply paid envelope, the personalised proxy form that accompanies this Scheme Booklet.

Location and details of Scheme Meeting

The details of the Scheme Meeting are as follows:

Location: Onthehouse's offices at Level 2, 200 Adelaide St, Brisbane

Date: Wednesday 12 October 2016

Time: Subject to the passing of the EGM Resolution at the EGM, the Scheme Meeting will be held immediately after the closing of the EGM, which is scheduled to be held on Wednesday 12 October 2016 at 10:00am (Brisbane time)

Scheme Meeting

A copy of the Notice of Scheme Meeting is set out in Attachment A to this Scheme Booklet.

Section 2.5(b) of this Scheme Booklet provides details of the Scheme Resolution and the Requisite Majorities that are required for the Scheme Resolution to be approved.

Voting in person, by attorney or corporate representative

If you wish to vote in person, you must attend the Scheme Meeting.

If you cannot attend the Scheme Meeting, you may vote by proxy by completing the proxy form accompanying this Scheme Booklet.

Attorneys who plan to attend and vote at the Scheme Meeting must provide a copy of the power of attorney and any authority under which the power of attorney was signed to the Registry by no later than 10:00am (Brisbane time) on Monday 10 October 2016 and

should bring with them the original or a certified copy of the power of attorney and authority under which they have been authorised to attend and vote at the Scheme Meeting. Onthehouse will accept copies of your power of attorney or authority received before 10:00am on Monday 10 October 2016.

A body corporate which is an Onthehouse Shareholder may appoint an individual to act as its corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Scheme Meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

If you wish to appoint a proxy to attend and vote at the Scheme Meeting on your behalf, please complete and sign the personalised proxy form accompanying this Scheme Booklet in accordance with the instructions set out on the proxy form. You may complete the proxy form in favour of the Chairman of the Scheme Meeting or appoint up to two proxies to attend and vote on your behalf at the Scheme Meeting.

TO BE VALID, PROXY FORMS FOR THE SCHEME MEETING MUST BE RECEIVED BY NO LATER THAN 10:00AM (BRISBANE TIME) ON MONDAY 10 OCTOBER 2016.

Proxy forms, duly completed in accordance with the instructions set out on the proxy form, may be returned to the Registry:

- by posting them in the reply paid envelope provided;
- by delivering them to Boardroom Pty Ltd, Level 12, 225 George St, Sydney NSW 2000
- by faxing them to +61 2 9290 9655
- by posting them to Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001; or
- online via www.votingonline.com.au/othscheme2016

Frequently asked questions

QUESTION	ANSWER
AN OVERVIEW OF THE SCHEME	
Why have I received this Scheme Booklet?	<p>This Scheme Booklet has been sent to you because you are an Onthehouse Shareholder and Onthehouse Shareholders are being asked to vote on a Scheme which if approved will result in the Consortium acquiring all Onthehouse Shares (other than Onthehouse Shares held by or on behalf of the Excluded Shareholder) for the Scheme Consideration per Scheme Share.</p> <p>This Scheme Booklet is intended to help you to decide how to vote on the Scheme Resolution which needs to be passed at the Scheme Meeting to allow the Scheme to proceed.</p>
What is the Scheme?	<p>The Scheme is a scheme of arrangement between Onthehouse and Onthehouse Shareholders. A scheme of arrangement is a statutory procedure that is commonly used in transactions which may result in a change of ownership or control of a company.</p> <p>Onthehouse is a party to the Scheme Implementation Deed which sets out terms under which the Scheme will be proposed by Onthehouse. If the Scheme is approved and implemented, Scheme Shareholders will receive the Scheme Consideration for each Scheme Share they own.</p>
Who are the Consortium?	<p>The Consortium consists of a group of investors, being:</p> <ul style="list-style-type: none">• the following wholly-owned subsidiaries of Macquarie Group Limited (ASX:MQG):<ul style="list-style-type: none">– PIQ1; and– MCHPL; and• the following entities affiliated with Michael Dempsey and Daniel Dempsey:<ul style="list-style-type: none">– 77VSV; and– Sandrift. <p>For more information on the Consortium, please see section 4 of this Scheme Booklet.</p>
What will I receive for my Onthehouse Shares if the Scheme is implemented?	<p>If the Scheme is approved by Onthehouse Shareholders and the Court and is implemented, Scheme Shareholders will receive the Scheme Consideration, being \$0.85, for every Scheme Share.</p>
How will the Scheme be implemented?	<p>In order for the Scheme to be implemented, all Conditions Precedent under the Scheme Implementation Deed must be satisfied or waived (where applicable), including that the Scheme Resolution must be approved by Onthehouse Shareholders by the Requisite Majorities at the Scheme Meeting and the Scheme must be approved by the Court.</p> <p>Details of this resolution and the Requisite Majorities required to approve the Scheme Resolution are set out in section 2.5(b) of this Scheme Booklet.</p>
What do the	<p>The Independent Directors unanimously recommend that you vote in favour</p>

QUESTION	ANSWER
Independent Directors recommend?	<p>of:</p> <ul style="list-style-type: none"> the EGM Resolution; and the Scheme Resolution to approve the Scheme, in the absence of a Superior Proposal.
How are the Independent Directors intending to vote?	<p>Each of the Independent Directors intends, in the absence of a Superior Proposal, to vote in favour of the Scheme in respect of all the Onthehouse Shares they Control.</p> <p>Each of the Independent Directors also intends to vote in favour of the EGM Resolution at the EGM in respect of all the Onthehouse Shares they Control.</p> <p>Certain of the Independent Directors (being Tony Scotton and Angus Johnson) have an interest in the Scheme as a result of their interests in Onthehouse Shares, as set out in section 3.7. Each Independent Director also has an interest in the Scheme as they will be paid the cancellation consideration set out in section 7.2 in relation to their Onthehouse Options.</p>
What is the Independent Expert's opinion of the Scheme?	<p>The Independent Expert considers, in the absence of a Superior Proposal, that the Scheme is in the best interests of Onthehouse Shareholders.</p> <p>The Independent Expert has estimated the full underlying value of Onthehouse to be in the range of \$0.65 and \$0.75 per Onthehouse Share.</p> <p>The Independent Expert's Report is included as Attachment D to this Scheme Booklet.</p> <p>The Independent Directors recommend that you read the Independent Expert's Report carefully and in its entirety.</p>
What will happen if a Superior Proposal emerges?	<p>If Onthehouse receives a Competing Proposal, then under the Scheme Implementation Deed the Independent Directors will, after consultation with its financial advisors and after receiving advice from its legal advisors, determine whether:</p> <ul style="list-style-type: none"> the bona fide Competing Proposal is or may reasonably be expected to lead to a Superior Proposal; and the Fiduciary Out in the Scheme Implementation Deed applies to the Competing Proposal, with the effect that failing to act on the Competing Proposal would be likely to constitute a breach of the Independent Directors' fiduciary and statutory obligations. <p>If the Independent Directors determine the Competing Proposal to be a Superior Proposal to which the Fiduciary Out applies, certain exclusivity provisions in the Scheme Implementation Deed (being the restrictions contained in clauses 13.3, 13.4(a) and 13.4(b) and the obligations contained in clauses 13.5(a) and 13.5(b)(i) of the Scheme Implementation Deed) will not apply and the Independent Directors may, among other things, engage in negotiations and enable due diligence investigations in relation to the Superior Proposal to take place. The Independent Directors will then determine whether to withdraw, change or modify their recommendation and voting intentions in respect of the Scheme. Before making any such withdrawal, change or modification to their recommendation and voting intentions in respect of the Scheme, the Independent Directors must allow the Consortium Members to exercise their "matching right" in respect of the relevant Competing Proposal.</p> <p>Further details of the Scheme Implementation Deed are set out in section 2.</p>

QUESTION**ANSWER**

What are the risks associated with an investment in Onthehouse if the Scheme does not become Effective?

If the Scheme does not become Effective, and no Superior Proposal emerges, Onthehouse Shareholders will continue to be subject to the specific risks associated with Onthehouse's business and other general risks (see section 5 for details).

SCHEME CONSIDERATION

What is the Scheme Consideration?

If the Scheme is approved by Onthehouse Shareholders and the Court and is implemented, Scheme Shareholders will receive the Scheme Consideration for each Onthehouse Share they hold on the Scheme Record Date. The Scheme Consideration is \$0.85 per Scheme Share.

How are Consortium Members funding the Scheme Consideration?

PIQ1 will fund its proportion of the Scheme Consideration payable to all Scheme Shareholders pursuant to internal Macquarie Group funding arrangements, through which PIQ1 has access to cash reserves held by members of the Macquarie Group which are of an amount that materially exceeds the amount of its portion of the Scheme Consideration.

MCHPL will fund its proportion of the Scheme Consideration payable to all Scheme Shareholders pursuant to internal Macquarie Group funding arrangements, through which MCHPL has access to cash reserves held by members of the Macquarie Group which are of an amount that materially exceeds the amount of its portion of the Scheme Consideration.

Subject to the Conditions Precedent being fulfilled, each of PIQ1 and MCHPL has the ability to draw on these internal funding arrangements in order to fully fund its obligations to pay its portion of the Scheme Consideration.

Sandrift proposes to fund the payment of its portion of the Scheme Consideration through an equity injection by Vistra Trust (Singapore) Pte Limited, the legal holder of all of the shares in Sandrift. This equity injection will be completed prior to the Scheme Meeting. Sandrift's obligations to pay its portion of the Scheme Consideration are supported by a personal guarantee given by Michael Dempsey in favour of the Scheme Shareholders.

While it is a Consortium Member, 77VSV will not acquire any Onthehouse Shares as a result of the Scheme and will not therefore fund any of the Scheme Consideration. 77VSV will retain Onthehouse Shares it currently holds and those Onthehouse Shares are not Scheme Shares.

More information on the Consortium Members' funding arrangements is set out in section 4.3 of this Scheme Booklet.

Who is entitled to participate in the Scheme?

Persons who hold Onthehouse Shares on the Scheme Record Date (other than the Excluded Shareholder) will participate in the Scheme and, if the Scheme is approved and implemented, those persons will receive the Scheme Consideration in respect of each Scheme Share held on the Scheme Record Date.

When will I receive the Scheme

Provided the Scheme is approved and implemented, Onthehouse Shareholders on the Register on the Scheme Record Date are expected to be sent the Scheme Consideration on the Implementation Date.

QUESTION**ANSWER****Consideration?****What are the tax implications of the Scheme for you?**

The tax implications for Scheme Shareholders if the Scheme is approved and implemented will depend on the specific taxation circumstances of each Scheme Shareholder. General information about the likely Australian tax consequences of the Scheme is set out in section 6 of this Scheme Booklet. You should not rely on those descriptions as advice for your own affairs.

For information about your individual financial or taxation circumstances please consult your financial, legal, taxation or other professional advisor.

Will I have to pay brokerage or stamp duty?

No, you will not have to pay brokerage or stamp duty if your Onthehouse Shares are acquired under the Scheme.

SCHEME VOTING AND APPROVALS**Are there any conditions that must be satisfied or waived in order for the Scheme to be implemented?**

Yes, there are. The Conditions Precedent which remain outstanding as at the date of this Scheme Booklet are:

- Court approval of the Scheme;
- the EGM Resolution being passed at the EGM;
- the Scheme Resolution being passed by the Requisite Majorities at the Scheme Meeting; and
- as at two hours before the Second Court Hearing:
 - no person, including ASX, any Government Agency or any court of competent jurisdiction, has:
 - issued any order, imposed any fine or penalty, commenced any proceeding or investigation or otherwise taken any action that may be adverse to Onthehouse or any member of the Onthehouse Group, in connection with the sale of the COD Business to RP Data; or
 - indicated to Onthehouse or its advisors that it proposes to take any of the above actions.
 - no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or Government Agency, or other material legal restraint or prohibition, preventing or delaying the Scheme is in effect;
 - no OTH Prescribed Occurrence occurs; and
 - no OTH Material Adverse Change occurs.

The Conditions Precedent to the Scheme are summarised in further detail in section 2.3 of this Scheme Booklet. As at the date of this Scheme Booklet, the Independent Directors are not aware of any reason why the Conditions Precedent should not be satisfied or waived.

Can the Scheme

The Scheme Implementation Deed may be terminated in certain

QUESTION	ANSWER
be terminated?	circumstances, details of which are summarised in section 2.9.
What happens if these conditions are not satisfied or the Scheme Implementation Deed is terminated?	If the conditions to the Scheme are not satisfied or (where applicable) waived, or the Scheme Implementation Deed is terminated, the Scheme will not proceed and no Onthehouse Shares will be acquired by the Consortium. In these circumstances, you will retain your Onthehouse Shares, they will not be acquired by the Consortium and you will not receive the Scheme Consideration.
What happens if the Scheme is approved, all conditions are satisfied and it is implemented?	If the Scheme becomes Effective, all of the Onthehouse Shares you hold on the Scheme Record Date (Scheme Shares) will be transferred to the Consortium Members under the Scheme in their respective proportions, and you will receive the Scheme Consideration for each Scheme Share you hold on the Scheme Record Date.
Am I entitled to vote at the Scheme Meeting?	If you are registered as an Onthehouse Shareholder on the Register at 7:00pm (Sydney time) on the Meeting Record Date, being Monday 10 October 2016, then you will be entitled to attend and vote at the Scheme Meeting. Details of the Scheme Meeting and voting are in the Notice of Scheme Meeting set out in Attachment A.
How do I vote?	Voting at the Scheme Meeting may be in person, by attorney, by proxy or, in the case of a corporation, by corporate representative. If you wish to vote in person, you must attend the Scheme Meeting. If you cannot attend the Scheme Meeting, you may complete the enclosed personalised proxy forms in accordance with the instructions. The deadline for lodging your proxy form for the Scheme Meeting is 10:00am (Brisbane time) on Monday 10 October 2016. Details of the Scheme Meeting and voting are in the Notice of Scheme Meeting set out in Attachment A.
When and where will the Scheme Meeting be held?	Subject to the passing of the EGM Resolution at the EGM, the Scheme Meeting will be held immediately after the closing of the EGM, which is scheduled to be held on Wednesday 12 October 2016 at 10:00am (Brisbane time) at the offices of Onthehouse at Level 2, 200 Adelaide St, Brisbane.
Is voting compulsory?	Voting is not compulsory. However, the Scheme will only be successful if: <ul style="list-style-type: none"> • the EGM Resolution is approved; and • the Scheme Resolution is approved by the Requisite Majorities of Onthehouse Shareholders, as a result, voting is important, and the Independent Directors encourage you to vote. If the Scheme is approved you will be bound by the Scheme whether or not you voted and whether or not you voted in favour of it.
What vote is required to approve the Scheme?	For the Scheme to proceed: <ul style="list-style-type: none"> • the EGM Resolution must be passed by a majority of Onthehouse

QUESTION**ANSWER**

Shareholders present at the meeting, either in person, or by proxy;

- the Scheme Resolution must be passed by the Requisite Majorities, being:
 - more than 50% of Onthehouse Shareholders (other than the Excluded Shareholder) present and voting at the Scheme Meeting (whether in person, by proxy, by attorney or, in the case of corporate Onthehouse Shareholders, by a corporate representative); and
 - at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting.

The Excluded Shareholder has confirmed that it intends to abstain from voting any of its Onthehouse Shares at the Scheme Meeting. In any event, any votes cast by the Excluded Shareholder will be disregarded by Onthehouse.

What happens if I do not vote or if I vote against the Scheme?

If you do not vote, or vote against the EGM Resolution at the EGM and the EGM Resolution is not passed, the Scheme Meeting will not take place and you won't have the opportunity to vote on the Scheme Resolution.

If you do not vote, or vote against the Scheme Resolution, the Scheme may not be approved at the Scheme Meeting by the Requisite Majorities of Onthehouse Shareholders. If this occurs then the Scheme will not proceed, you will not receive the Scheme Consideration and you will remain an Onthehouse Shareholder.

However, if the Scheme is approved by the Requisite Majorities and the Scheme is implemented, your Onthehouse Shares will be transferred to the Consortium under the Scheme and you will receive the Scheme Consideration for each Onthehouse Share you hold on the Scheme Record Date whether or not you voted in favour of the Scheme.

When will the results of the Scheme Meeting be available?

The results of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to Onthehouse's website (shareholders.onthehouse.com.au) and the ASX once available. Even if the Scheme Resolution is passed at the Scheme Meeting by the Requisite Majorities, the Scheme will only proceed if it is subsequently approved by the Court.

The results of the EGM will be available after the conclusion of the Scheme Meeting (if held) and will be announced to Onthehouse's website (shareholders.onthehouse.com.au) and the ASX.

What happens in the event the Scheme is not approved?

If the Scheme is not approved by the Requisite Majorities of Scheme Shareholders at the Scheme Meeting or by the Court, then as set out in section 5.1 of this Scheme Booklet:

- Onthehouse Shareholders will not receive the Scheme Consideration; and
- Onthehouse will continue to operate as an entity listed on the ASX under the current Management and subject to the risks detailed in section 5.3.

QUESTIONS ABOUT IMPLEMENTATION OF THE SCHEME

QUESTION	ANSWER
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Do I have to sign anything to transfer my Onthehouse Shares?	No. If the Scheme becomes Effective, Onthehouse will automatically have authority to sign a transfer on your behalf, and the Scheme Consideration will then be paid to you. However, you should be aware that under the Scheme, you are deemed to have provided the warranties to Onthehouse and each of PIQ1, MCHPL and Sandrift as summarised in section 2.15.
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When will Onthehouse Shares cease trading on the ASX?	Provided the Scheme becomes Effective, Onthehouse Shares are expected to be suspended from trading on the ASX from the close of trading on the Effective Date (which is currently expected to be Thursday 20 October 2016).
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OTHER QUESTIONS

What will happen to Onthehouse if the Scheme proceeds?	If the Scheme becomes Effective, Onthehouse will be owned by the Consortium Members.
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Will Onthehouse still be listed on ASX if the Scheme proceeds?	No, if the Scheme becomes Effective, Onthehouse will be delisted from ASX and be owned by the Consortium Members.
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Can I sell my Onthehouse Shares now?	<p>You can sell your Onthehouse Shares on market at any time before the close of trading on ASX on the Effective Date, at the then prevailing market price (which may vary from the Scheme Consideration).</p> <p>Onthehouse intends to apply to ASX for Onthehouse Shares to be suspended from official quotation on ASX from close of trading on the Effective Date (which is currently expected to be Thursday 20 October 2016). You will not be able to sell your Onthehouse Shares on market after this time.</p>
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In what circumstances could Onthehouse be required to pay a costs Reimbursement Fee to the Consortium?	Under the Scheme Implementation Deed, Onthehouse must pay a Reimbursement Fee of \$720,000 to the Consortium if certain events described in section 2.12 occur.
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FURTHER INFORMATION

What if I want further information?	<p>If you have any questions about the Scheme, how to vote, or you would like additional copies of this Scheme Booklet, please email enquiries@boardroomlimited.com.au.</p> <p>If you have questions regarding the number of Onthehouse Shares you hold, please contact the Registry on 1300 737 760 or (02) 9290 9600 (within Australia) or +61 2 9290 9600 (outside Australia) Monday to Friday between 9:00am and 5:00pm (Sydney time).</p> <p>For information about your individual financial or taxation circumstances please consult your financial, legal, taxation or other professional advisor.</p>
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1 Independent Directors' recommendation and matters relevant to your vote on the Scheme

1.1 Recommendation

The Independent Directors at the date of this Scheme Booklet are Tony Scotton (Independent Chairman), Angus Johnson (Non-Executive Director) and Lisa Hickson (Independent Non-Executive Director).

The Independent Directors unanimously recommend that Onthehouse Shareholders vote in favour of the Scheme Resolution in the absence of a Superior Proposal. Certain of the Independent Directors (being Tony Scotton and Angus Johnson) have an interest in the Scheme as a result of their interests in Onthehouse Shares, as set out in section 3.7. Each Independent Director also has an interest in the Scheme as they will be paid the cancellation consideration set out in section 7.2 in relation to their Onthehouse Options.

Subject to the same qualifications, each Independent Director intends to vote their Onthehouse Shares in favour of the Scheme (the shareholdings of each Director are set out in section 3.7).

Michael Dempsey and Daniel Dempsey are Directors of Onthehouse and are Associates of the Consortium. Michael Dempsey and Daniel Dempsey have confirmed that they do not consider it appropriate for them to make a recommendation to Onthehouse Shareholders in relation to the Scheme.

1.2 Reasons why Onthehouse Shareholders may consider voting for the Scheme Resolution

(a) Independent Expert's Opinion

Onthehouse appointed Lonergan Edwards to prepare an Independent Expert's Report providing an opinion as to whether the Scheme is in the best interests of Onthehouse Shareholders who are not Associated with the Consortium.

The Independent Expert considers that the Scheme is, in the absence of a Superior Proposal, in the best interests of Onthehouse Shareholders.

The Independent Expert's Report is included in Attachment D to this Scheme Booklet. The Independent Directors encourage Onthehouse Shareholders to read the Independent Expert's Report carefully and in its entirety.

(b) The total cash payments of \$0.85 per Share represent an attractive premium over the recent relevant trading of Onthehouse Shares

As depicted in Figure 1, the Scheme Consideration of \$0.85 per Share represents a significant premium of:

- 47% to the closing price of \$0.580 on 22 December 2015, being the last trading day immediately preceding the release of the notices of initial substantial holder by each of CoreLogic Australia Holdings and Macquarie Group Limited;

- 50% to the 30 day VWAP up to and including 22 December 2015;
- 54% to the 90 day VWAP up to and including 22 December 2015;
- 27% to the highest Onthehouse Share price in the 52 week period up to and including 22 December 2015; and
- 75% to the lowest Onthehouse Share price in the 52 week period up to and including 22 December 2015.

Figure 1: Implied Scheme Consideration premium to closing price of Onthehouse Shares on 22 December 2015

The diagram below depicts the premium of Scheme Consideration to historical trading prices of Onthehouse Shares on and prior to 22 December 2015, being the last trading day before the release of the notices of initial substantial holder by each of CoreLogic Australia Holdings and Macquarie Group Limited.

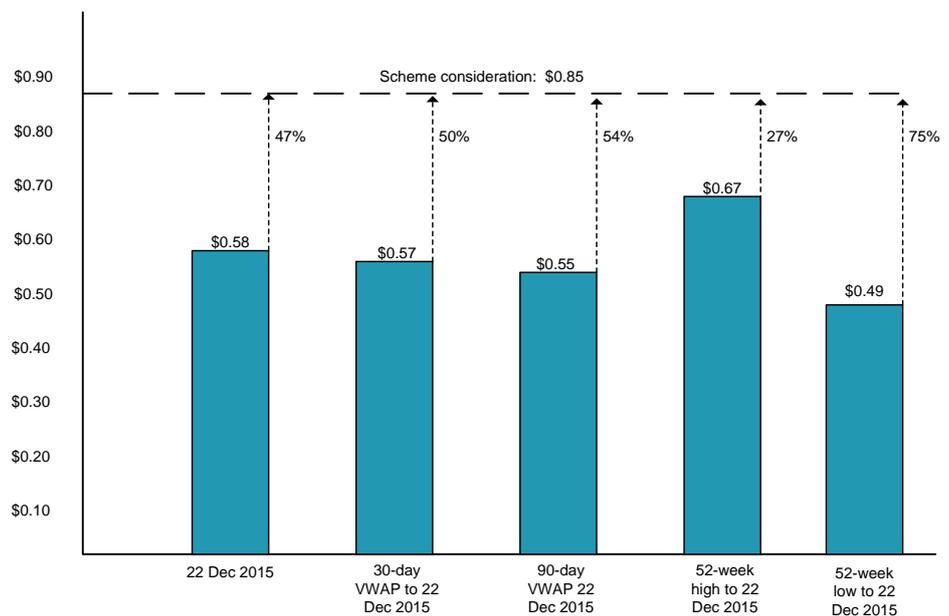
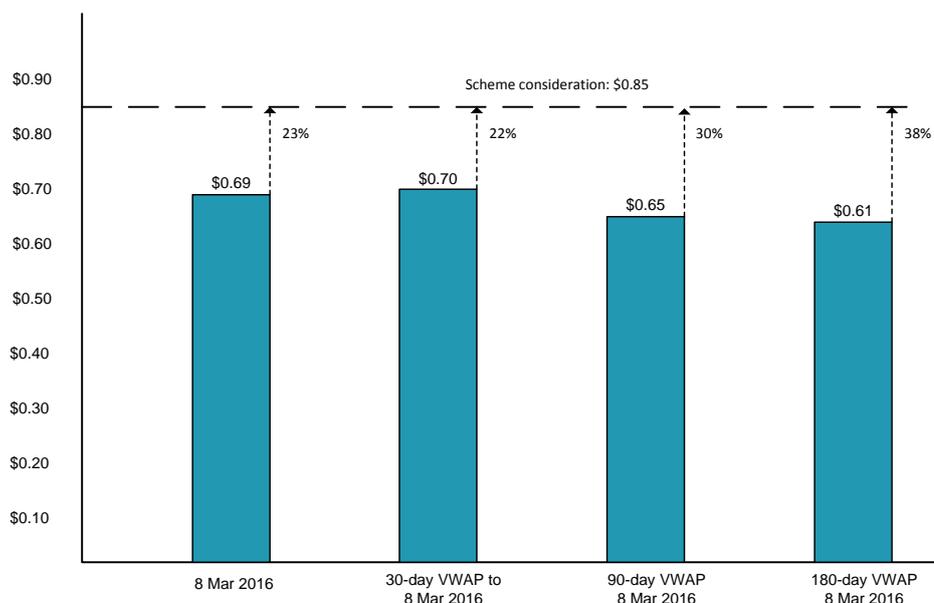


Figure 2: Implied Scheme Consideration premium to closing price of Onthehouse Shares on 8 March 2016

The diagram below depicts the premium of Scheme Consideration to historical trading prices of Onthehouse Shares on and prior to 8 March 2016, being the last trading day before the announcement of the Consortium’s revised non-binding conditional proposal.



(c) The Scheme Consideration delivers certainty and immediate value for your Onthehouse Shares

The Scheme Consideration offered to Scheme Shareholders is 100% cash. If the Scheme is implemented, Scheme Shareholders will receive the Scheme Consideration, per Onthehouse Share held on the Scheme Record Date, in cash.

The Scheme provides an opportunity for Scheme Shareholders to sell their Onthehouse Shares and represents certainty and immediate value for Onthehouse Shareholders. The certainty of the Scheme Consideration should be compared against the risks and uncertainties of remaining an Onthehouse Shareholder, which include, but are not limited to the risks set out in section 5.3.

(d) No Superior Proposal has emerged as at the date of this Scheme Booklet

From the initial announcement of the Consortium's non-binding indicative proposal on 24 December 2015 to the date of this Scheme Booklet, no Superior Proposal has emerged.

(e) The price of Onthehouse Shares may fall, at least in the short term, if the Scheme is not implemented

The last sale price on 5 July 2016, being the trading day before Onthehouse announced it had entered into the Scheme Implementation Deed, was \$0.71 per Onthehouse Share, a significant premium to trading levels prior to notification:

- by certain Consortium Members of becoming substantial shareholders in Onthehouse on 23 December 2015 on account of the Relevant Interest acquired as a result of entry into the Exclusivity and Standstill Agreement dated 21 December 2015; and
- Onthehouse's announcement of the Consortium's initial indicative non-binding conditional proposal on 24 December 2015.

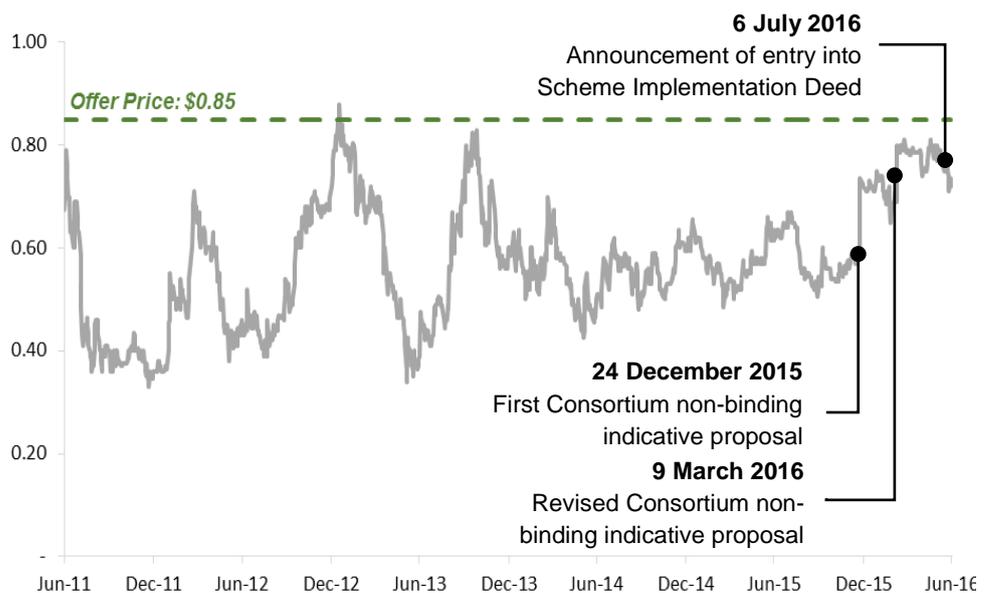
The trading price of Onthehouse Shares has risen significantly since the announcement by Onthehouse of the Consortium's initial non-binding conditional indicative proposal on 24 December 2015.

There are many factors that affect the Onthehouse Share price, however, the Independent Directors consider that in the absence of the implementation of the Scheme and in the absence of a Superior Proposal, or speculation regarding an alternative proposal, Onthehouse's share price may fall below current levels.

This view is also held by the Independent Expert, who stated at paragraph 18 of the Independent Expert's Report contained in Attachment D: "if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Onthehouse shares is likely to trade at a significant discount to our valuation and the Scheme Consideration (consistent with the portfolio nature of individual shareholdings)."

The Onthehouse Shares were listed on 3 June 2011 and within 90 days of listing had closed as low as \$0.36. Since 10 June 2011, Onthehouse Shares have only traded above the Scheme Consideration on one occasion (16 January 2013).

Figure 3: Share price history



The Independent Directors consider that if the Scheme is not approved and no Superior Proposal is forthcoming, the price of Onthehouse Shares may trade at levels below those observed since 24 December 2015, although these levels cannot be predicted with any degree of certainty.

- (f) **If the Scheme does not proceed you will continue to be subject to the risks and uncertainties associated with Onthehouse's business and general market risks**

If the Scheme does not proceed, the future trading price of Onthehouse Shares will continue to be subject to any market volatility versus the certainty of value of the cash payment of \$0.85 for each Scheme Share being offered under the Scheme. The amount which Onthehouse Shareholders will be able to realise for the Onthehouse Shares in terms of

price and future dividends, will necessarily be uncertain and subject to a number of risks outlined in section 5. Among other things, this will be subject to the performance of Onthehouse's business from time to time, general economic conditions and movements in the share market.

(g) **No brokerage or stamp duty will be payable by you on the transfer of your Onthehouse Shares**

You will not incur any brokerage or stamp duty on the transfer of your Onthehouse Shares to the Consortium under the Scheme.

1.3 Reasons why Onthehouse Shareholders may consider voting against the Scheme Resolution

Although the Independent Directors unanimously recommend that you vote in favour of the Scheme Resolution in the absence of a Superior Proposal, factors which may lead Onthehouse Shareholders to vote against the Scheme include:

(a) **You may disagree with the Independent Directors and the opinion of the Independent Expert and consider that the Scheme is not in your best interests**

Despite the recommendation of the Independent Directors and the opinion of the Independent Expert that the Scheme is, in the absence of a Superior Proposal, in the best interests of Onthehouse Shareholders, you may believe that the Scheme is not in your best interests or that of other Onthehouse Shareholders who are not Associated with the Consortium.

(b) **You may prefer to have the opportunity to participate in any potential future value creation that may result from being an Onthehouse Shareholder**

If the Scheme is implemented, you will no longer be an Onthehouse Shareholder. This will mean that you will not participate in any potential upside that may result, including any appreciation in the value of Onthehouse or the right to any potential future dividends in respect of Onthehouse Shares. You will also cease to have the right to influence the future direction of Onthehouse as you will no longer have voting rights in the company.

(c) **You may believe it is in your best interests to maintain your current investment and risk profile**

You may wish to keep your Onthehouse Shares as you may want to preserve your investment in a company with the specific characteristics of Onthehouse. In particular, you may consider that, despite the risk factors relevant to Onthehouse's potential future operations (including those set out in section 5.3 of this Scheme Booklet), Onthehouse may be able to return greater value from its assets by retaining its current ownership structure or seeking alternative commercialisation strategies.

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

Implementation of the Scheme may result in financial consequences which are not favourable for you. For example, it may trigger a CGT liability to the extent the Scheme Consideration received by you exceeds the tax cost

base of your Onthehouse Shares, or the timing of the disposal may not result in an optimal CGT holding period outcome for you, depending on when you acquired your Onthehouse Shares.

Onthehouse Shareholders should read the general taxation considerations outlined in section 6 of this Scheme Booklet and seek professional taxation advice with respect to their individual tax situation.

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

You may believe that there is potential for a Superior Proposal to be made in the foreseeable future. Since the initial announcement of entry into the Scheme Implementation Deed on 6 July 2016 to the date of this Scheme Booklet, no Superior Proposal has been received by the Independent Directors.

2 Implementation of the Scheme

2.1 Background

On 5 July 2016, Onthehouse entered into a Scheme Implementation Deed to implement the Scheme, under which the Consortium Members would acquire all of the Scheme Shares for the Scheme Consideration per Scheme Share in their respective proportions. The Independent Directors unanimously recommend, in the absence of a Superior Proposal, that Onthehouse Shareholders vote in favour of the Scheme. Subject to the same qualification, each Independent Director intends to vote all Onthehouse Shares that he or she controls in favour of the Scheme.

This Scheme Booklet contains important information that you should consider in deciding whether or not to vote in favour of the Scheme Resolution at the Scheme Meeting. The Independent Directors encourage you to read this Scheme Booklet in its entirety and recommend, in the absence of a Superior Proposal, that you vote in favour of the Scheme Resolution.

2.2 Implementation of the Scheme

The Scheme is proposed to be implemented as a Court approved scheme of arrangement. A scheme of arrangement is a legal arrangement that shareholders vote on and, if the Requisite Majorities of shareholders vote in favour of it and it is approved by the Court, it binds Onthehouse and all of Onthehouse Shareholders upon the Court order approving the scheme of arrangement being lodged with ASIC.

The Scheme will become binding on Onthehouse and Onthehouse Shareholders only if the Conditions Precedent to the Scheme are satisfied or waived.

2.3 Conditions precedent

The Scheme is subject to a number of Conditions Precedent. The following Conditions Precedent are outstanding as at the date of this Scheme Booklet:

- (a) **(No OTH Prescribed Occurrence)** no OTH Prescribed Occurrence occurs between the date of the Scheme Implementation Deed (5 July 2016) and two hours before the Second Court Hearing.
- (b) **(No OTH Material Adverse Change)** no OTH Material Adverse Change occurs or becomes apparent between the date of this deed and two hours before the Second Court Hearing.
- (c) **(Restraints)** no temporary restraining order, preliminary or permanent injunction, or other order issued by any court of competent jurisdiction or by any Government Agency, or other material legal restraint or prohibition preventing or delaying the Scheme is in effect two hours before the Second Court Hearing.
- (d) **(Shareholder approval)** the Scheme is approved by Onthehouse Shareholders at the Scheme Meeting by the Requisite Majorities.

- (e) **(Court approval)** the Scheme is approved (either unconditionally or on conditions that do not impose unduly onerous obligations on any party (acting reasonably)) by the Court in accordance with section 411(4)(b) of the Corporations Act.
- (f) **(COD Disposal shareholder approval)**
 - (i) the COD Disposal is approved by OTH Shareholders for the purposes of ASX Listing Rule 10.1; and
 - (ii) as at two hours before the Second Court Hearing no person including ASX, any Government Agency or any court of competent jurisdiction, has:
 - (A) done any of the following:
 1. issued any order (including any order under section 793C or section 1101B(1)(b) of the Corporations Act);
 2. imposed any fine or penalty;
 3. commenced any proceeding or investigation; or
 4. otherwise taken any other action that may be adverse to Onthehouse or any member of the Onthehouse Group,

in connection with the COD Disposal; or

 - (B) indicated to Onthehouse or Onthehouse's advisors that it proposes to take any of the above actions in connection with the COD Disposal.

The conditions of the Scheme are set out in clause 3.1 of the Scheme Implementation Deed.

2.4 Scheme Consideration

If the Scheme becomes Effective, all Scheme Shares will be transferred to the Consortium and the Consortium Members will provide the Scheme Consideration per Scheme Share to the Scheme Shareholders in their respective proportions, and in the manner set out in section 2.6.

2.5 Steps for implementing the Scheme

(a) Preliminary steps

Onthehouse and the Consortium entered into the Scheme Implementation Deed on 5 July 2016 pursuant to which, among other things, Onthehouse agreed to propose the Scheme.

Each of PIQ1, MCHPL and Sandrift has executed the Deed Poll pursuant to which each of PIQ1, MCHPL and Sandrift, subject to the Scheme becoming Effective, agrees to provide to each Scheme Shareholder its respective proportion of the Scheme Consideration to which each Scheme Shareholder is entitled under the terms of the Scheme.

A copy of the proposed Scheme is set out in Attachment B to this Scheme Booklet. A copy of the proposed Deed Poll is set out in Attachment C to this Scheme Booklet.

(b) **Scheme Meeting**

Subject to the passing of the EGM Resolution at the EGM, the Court has ordered that the Scheme Meeting be held immediately after the closing of the EGM, which is scheduled to be held on Wednesday 12 October 2016 at 10:00am (Brisbane time) at the offices of Onthehouse at Level 2, 200 Adelaide St, Brisbane for the purposes of approving the Scheme Resolution.

The Notice of Scheme Meeting for Onthehouse Shareholders which sets out the Scheme Resolution is included in Attachment A to this Scheme Booklet. Each Onthehouse Shareholder who is registered on the Register at 7:00pm (Sydney time) on Monday 10 October 2016 is entitled to attend and vote at the Scheme Meeting, either in person or by proxy or attorney or in the case of a body corporate, by its corporate representative appointed in accordance with section 250D of the Corporations Act.

Instructions on how to attend and vote at the Scheme Meeting in person, or to appoint a proxy to attend and vote on your behalf, are set out on pages 15 and 16 of this Scheme Booklet.

The Scheme Resolution must be approved by the Requisite Majorities, being:

- (i) more than 50% of Onthehouse Shareholders (other than the Excluded Shareholder) present and voting at the Scheme Meeting (whether in person, by proxy, by attorney or, in the case of corporate Onthehouse Shareholders, by a corporate representative) (the **Headcount Test**); and
- (ii) at least 75% of the total number of votes cast on the Scheme Resolution by Onthehouse Shareholders (other than the Excluded Shareholder) at the Scheme Meeting.

The Court has the power to waive the Headcount Test.

The sole director of the Excluded Shareholder, Michael Dempsey, has confirmed that the Excluded Shareholder intends to abstain from voting any of its Onthehouse Shares at the Scheme Meeting. In any event, any votes cast by the Excluded Shareholder will be disregarded by Onthehouse.

(c) **Second Court hearing**

In the event that:

- the Scheme Resolution is approved by the Requisite Majorities of Onthehouse Shareholders at the Scheme Meeting; and
- all Conditions Precedent of the Scheme have been satisfied or remain capable of being satisfied, or waived (if applicable),

Onthehouse will apply to the Court for an order approving the Scheme.

(d) **Effective Date**

If the Court makes orders approving the Scheme, Onthehouse will lodge with ASIC an office copy of the Court order given under section 411(4)(b) of the Corporations Act approving the Scheme. It is anticipated that this will occur on the Business Day immediately following the Second Court Date.

Once the Scheme becomes Effective:

- each of PIQ1, MCHPL and Sandrift will become bound to pay Scheme Shareholders its respective proportion of the Scheme Consideration on the Implementation Date; and
- subject to payment of the aggregate Scheme Consideration by each of PIQ1, MCHPL and Sandrift as referred to below in section 2.6(a) of this Scheme Booklet, Onthehouse will be bound to take the steps required for the Consortium to become the registered holder of all Onthehouse Shares.

2.6 Implementation of the Scheme - payment of Scheme Consideration

On the Implementation Date, currently anticipated to be Thursday 3 November 2016, the Scheme will be implemented by Onthehouse and the Consortium undertaking the following steps.

(a) Deposit of aggregate Scheme Consideration by the Consortium

By close of business on the Business Day before the Implementation Date, each of PIQ1, MCHPL and Sandrift will deposit (or will procure the deposit of) its respective proportion of the aggregate Scheme Consideration payable to all Scheme Shareholders in cleared funds to an account with an Australian authorised deposit-taking institution nominated by Onthehouse to be held on trust by Onthehouse for Scheme Shareholders.

(b) Transfer of all Onthehouse Shares to the Consortium

Subject to payment of the aggregate Scheme Consideration by each of PIQ1, MCHPL and Sandrift as referred to in paragraph 2.6(a), all of the Scheme Shares will be transferred to PIQ1, MCHPL and Sandrift (in their respective proportions) by Onthehouse and Onthehouse will enter the name of PIQ1, MCHPL and Sandrift in the Register in respect of all Scheme Shares (allocated to each of PIQ1, MCHPL and Sandrift as set out in clause 4.2(a) of the Scheme).

(c) Payment of Scheme Consideration

The Scheme Consideration will be paid by Onthehouse by either;

- sending a cheque for the Scheme Consideration that you are entitled to receive under the Scheme to your address shown in the Register as at the Scheme Record Date; or
- making a payment to your nominated bank account with the Registry as at the Scheme Record Date.

If you have not previously notified the Registry of your nominated bank account or you would like to change your existing nominated bank account, you should contact the Registry on 1300 737 760 or (02) 9290 9600 (within Australia) or + 61 02 9290 9600 (outside Australia) before the Scheme Record Date.

If a Scheme Shareholder has not nominated a bank account and their whereabouts are unknown as at the Scheme Record Date or if a cheque properly

dispatched by or on behalf of the Consortium Members is returned to Onthehouse as undelivered, or the cheque is not presented by a Scheme Shareholder earlier than 6 months after the Implementation Date, the Scheme Consideration will be paid into a separate bank account and held by Onthehouse until claimed or applied under laws dealing with unclaimed money. If you wish to confirm your current address details with the Registry, you may do so using the contact details above.

2.7 Determination of persons entitled to Scheme Consideration

(a) Dealings on or prior to the Scheme Record Date

For the purpose of establishing the identity of the Scheme Shareholders, dealings in Onthehouse Shares will only be recognised if:

- in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Register as a holder of the relevant Onthehouse Shares on or before the Scheme Record Date; and
- in all other cases, registrable transfers or transmission applications are received at the place where the Register is maintained on or before the Scheme Record Date (in which case, Onthehouse must register such transfers or transmission applications on or before the Scheme Record Date).

Onthehouse will not accept for registration nor recognise for the purpose of establishing the identity of the Scheme Shareholders any transmission application or transfer in respect of Onthehouse Shares received after such times or received prior to these times and not in registrable form.

(b) Dealings after the Scheme Record Date

For the purposes of determining entitlements to Scheme Consideration, Onthehouse will, until the Scheme Consideration has been paid to Scheme Shareholders and the name and address of the Consortium has been entered in the Register as the holder of all the Onthehouse Shares, maintain the Register in accordance with the terms of the Scheme, and the Register in this form will solely determine entitlements to the Scheme Consideration.

As from the Scheme Record Date, each entry currently on the Register will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration in respect of the Onthehouse Shares relating to that entry.

Any share certificates or statements of holding in respect of Onthehouse Shares shall, from the Scheme Record Date, cease to have any effect as documents of evidence of title in respect of such Onthehouse Shares.

2.8 Onthehouse Options

Pursuant to the Scheme Implementation Deed, Onthehouse has entered into a series of option cancellation letters (**Option Cancellation Letters**) with each holder of Onthehouse Options (each holder an **Optionholder**). Under such Option Cancellation Letters, each Optionholder has agreed to the cancellation of all Onthehouse Options held by that Optionholder in exchange for cash consideration as described below, subject to the Scheme becoming Effective.

As at the date of those Option Cancellation Letters, Onthehouse had the following Onthehouse Options on issue:

- 2,897,180 options to subscribe for Onthehouse Shares on a one-for-one basis, issued under Onthehouse's Senior and Other Management Share Option Plan which are subject to vesting conditions and remain unvested; and
- options to subscribe for Onthehouse Shares on a one-for-one basis, issued under deeds between Onthehouse and former executives of Onthehouse dated 29 April 2011, 712,500 of which lapsed in 30 June 2016 and 187,500 of which are due to lapse on 30 September 2016.

The consideration payable to Optionholders under the Option Cancellation Letters was determined by Onthehouse based on the Black-Scholes option valuation methodology. The Black-Scholes valuation was carried out on 22 and 24 June 2016 using the following variables:

- a historical volatility rate of 2.7% (daily) and 42.7% (annual) based on the volatility in share price in the 12 month period prior to 5 June 2016;
- a risk free interest rate of 2.3% per annum, which was the 10 year government bond rate as at 2 June 2016;
- an adopted share price of \$0.85 for each Onthehouse Share, which matched the Scheme Consideration;
- the relevant exercise price applicable to each of the options, which ranged from \$0.55 to \$1.00 per option in accordance with the terms of issue of the option;
- the time period from the calculation date to the expiry date of each option, which varied for each option in accordance with the terms of issue of the option.

The Black-Scholes option valuation methodology produced a valuation of the options that, with an appropriate adjustment for the terms of issue of the options (such as the exercise price of each option and the time value of money), generally accords with the value of the Scheme Consideration offered to Scheme Shareholders under the Scheme.

The total consideration payable under the Option Cancellation Letters will be \$928,875.61.

The cost of the consideration for the cancellation transactions described above will, if the Scheme is implemented, ultimately be borne by the Consortium but paid to Optionholders by Onthehouse on the Effective Date.

The cancellation of the Onthehouse Options was subject to ASX granting a waiver from ASX Listing Rule 6.23.2 to permit cancellation of outstanding options in connection with the Scheme. ASX granted this waiver on 25 July 2016.

Information regarding Onthehouse Options held by Onthehouse Directors is set out in section 7.2 of this Scheme Booklet.

2.9 Termination rights

Termination rights are set out in clauses 3.7(b) and 11 of the Scheme Implementation Deed. In summary:

- (a) Either Onthehouse or the Consortium Members may terminate if:
 - (i) the Court refuses to make any order directing Onthehouse to convene the Scheme Meeting, provided that both Onthehouse and the Consortium have agreed that they do not wish to proceed with the Scheme; or

- (ii) the Effective Date for the Scheme has not occurred on or before the End Date.
- (b) Onthehouse may terminate if:
- (i) following consultation between the parties to the Scheme Implementation Deed, the Conditions Precedent in clauses 3.1(c) (Restraints) or 3.1(d) (Shareholder approval) of the Scheme Implementation Deed are not capable of being satisfied and have not been waived;
 - (ii) a Consortium Member is in material breach of a material obligation under the Scheme Implementation Deed which, if capable of being remedied, has not been remedied within 5 Business Days of receiving written notice;
 - (iii) a majority of the Independent Directors change, withdraw or modify their recommendations in relation to the Scheme where:
 - (A) Onthehouse receives a Competing Proposal and the Independent Directors unanimously determine (after all the Consortium Members' rights as summarised in section 2.10(e) have been exhausted) that the Competing Proposal constitutes a Superior Proposal; or
 - (B) the Independent Expert concludes that the Scheme is not in the best interests of Onthehouse Shareholders (other than where such conclusion is the result of the making or existence of a Superior Proposal); or
 - (iv) an Insolvency Event occurs in relation to a Consortium Member.
- (c) The Consortium Members may terminate if:
- (i) following consultation between the parties to the Scheme Implementation Deed, any of the Conditions Precedent in clauses 3.1(a) (No OTH Prescribed Occurrence), 3.1(b) (No OTH Material Adverse Change), 3.1(c) (Restraints), 3.1(d) (Shareholder approval), or 3.1(f) (COD Disposal shareholder approval) of the Scheme Implementation Deed is not capable of being satisfied and has not been waived;
 - (ii) Onthehouse is in material breach of a material obligation under the Scheme Implementation Deed which, if capable of being remedied, has not been remedied within 5 Business Days of receiving written notice;
 - (iii) Onthehouse materially breaches any of the representations and warranties in the Scheme Implementation Deed, and the breach cannot be remedied to the reasonable satisfaction of the Consortium prior to 10.00am on the day before the Second Court Date and was of a kind that, had it been disclosed to the Consortium prior to execution of the Scheme Implementation Deed, could reasonably be expected to have resulted in some or all of the Consortium Members either not entering into the Scheme Implementation Deed or entering into it on materially different terms;
 - (iv) any Independent Director:
 - (A) fails to recommend the Scheme as contemplated by the Scheme Implementation Deed;
 - (B) changes, withdraws or modifies his or her recommendation; or

- (c) makes any public statement, or takes any other action that is inconsistent with his or her recommendation of the Scheme (including where a Competing Proposal is announced and is recommended by any Independent Director); or
- (v) an Insolvency Event occurs in relation to a member of the Onthehouse Group.
- (d) The Scheme Implementation Deed will automatically terminate if the Scheme is not approved by the Requisite Majorities at the Scheme Meeting.

In addition to the above, the parties to the Scheme Implementation Deed may, by mutual agreement, terminate the Scheme Implementation Deed.

2.10 Exclusivity

Under the Scheme Implementation Deed, Onthehouse is subject to exclusivity obligations including no-shop, no-talk and no-due diligence restrictions. These provisions are set out in clause 13 of the Scheme Implementation Deed.

In summary, from the date of the Scheme Implementation Deed (being 5 July 2016) until the earlier of the End Date, the Effective Date and the date the Scheme Implementation Deed is terminated in accordance with its terms (**Exclusivity Period**):

- (a) **No-shop** - Onthehouse must not, and must ensure that its Representatives do not:
 - (i) directly or indirectly solicit, initiate, invite or encourage any Competing Proposal or any enquires, proposals, discussions or negotiations with any Third Party in relation to, or which may reasonable be expected to lead to, a Competing Proposal or to Onthehouse abandoning pursuing the Scheme; or
 - (ii) communicate any intention to do any of the things referred to in (i);
- (b) **No-talk** - subject to a fiduciary exception in relation to the Onthehouse Directors' fiduciary and statutory obligations (**Fiduciary Out**), Onthehouse must not, and must ensure that its Representatives do not, directly or indirectly:
 - (i) negotiate or enter into or participate in negotiations or discussions with any person; or
 - (ii) communicate any intention to do any of these things,

in relation to (or which may reasonably be expected to lead to) a Competing Proposal, even if that person's Competing Proposal was not directly or indirectly solicited, encouraged or initiated by Onthehouse or any of its Representatives, or that person has publicly announced the Competing Proposal;
- (c) **No due diligence** – except with the written consent of the Consortium Members, Onthehouse must not, and must ensure that its Representatives do not, directly or indirectly:
 - (i) solicit, invite, initiate, or encourage, or (subject to the Fiduciary Out) facilitate or permit, any person other than a Consortium Member to undertake due diligence investigations in respect of the Onthehouse Group (or any of its businesses or operations) in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal; or

- (ii) subject to the Fiduciary Out, make available to any person (other than a Consortium Member) or permit any such person to receive any non-public information relating to the Onthehouse Group (or any of its businesses or operations), in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal;
- (d) **Notification of approaches** - Subject to the Fiduciary Out, if Onthehouse or any of its Representatives receives any approach, inquiry or proposal to initiate any discussions or negotiations that the Independent Directors consider could reasonably be expected to lead to a Competing Proposal, Onthehouse must promptly notify (and provide all material details) to each Consortium Member; and
- (e) **Matching right** - If Onthehouse receives a Competing Proposal and, as a result, any Independent Director proposes to change, withdraw or modify his or her recommendation in relation to the Scheme or approve or recommend entry into any arrangement relating to a Competing Proposal, Onthehouse will be prohibited from making any announcement or entering into any such arrangement unless the Competing Proposal is bona fide and until:
 - Onthehouse has given Consortium Members written notice of the Independent Director(s)' intentions in relation to the Competing Proposal;
 - Onthehouse has given Consortium Members all material details of the Competing Proposal;
 - the Consortium Members have exhausted (or otherwise not acted upon) their rights during the period of 3 Business Days following receipt of written notice of the Competing Proposal to provide a counter proposal under which it amends the terms of the Scheme, including by increasing the amount of Scheme Consideration or offering an alternative transaction; and
 - the Independent Directors have made a determination to change, withdraw or modify their recommendation in relation to the Scheme or approve or recommend entry into any arrangement relating to a Competing Proposal after the Consortium Members' rights (as described above) have been exhausted and after evaluation of any counter proposal from the Consortium Members.

2.11 End Date

If the Scheme has not become Effective on or before the End Date, either Onthehouse or the Consortium is able to terminate the Scheme Implementation Deed. If the Scheme Implementation Deed is terminated, the Scheme will not proceed.

2.12 Costs reimbursement

The costs reimbursement provisions are set out in clause 12 of the Scheme Implementation Deed.

In summary, Onthehouse must pay the Reimbursement Fee (being \$720,000) to the Consortium if:

- the Scheme Implementation Deed is terminated following any of the Independent Directors changing his or her recommendation or otherwise making a public statement indicating that he or she no longer supports the Scheme (other than as a result of receipt of an opinion of the Independent Expert, in the Independent

Expert's Report, that the Scheme is not in the best interests of Onthehouse Shareholders);

- a Competing Proposal is announced during the Exclusivity Period and, within 6 months of that announcement, that Competing Proposal completes or Onthehouse or the Onthehouse Board enters into an arrangement or understanding requiring Onthehouse to abandon the Scheme;
- the Scheme Implementation Deed is terminated by a Consortium Member due to a material breach by Onthehouse and the Scheme does not become Effective;
- an OTH Prescribed Occurrence occurs between the date of the Scheme Implementation Deed (5 July 2016) and 2 hours before the Second Court Hearing; or
- the Court fails to approve the terms of the Scheme as a result of material non-compliance by Onthehouse of its obligations under the Scheme Implementation Deed.

2.13 Deed poll

PIQ1, MCHPL and Sandrift have executed the Deed Poll, pursuant to which they have severally undertaken in favour of each Scheme Shareholder to provide their respective proportions of the Scheme Consideration to which the Scheme Shareholders are entitled under the Scheme, subject to the Scheme becoming Effective.

A copy of the Deed Poll is contained in Attachment C.

2.14 Copy of Register

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

2.15 Warranties provided by Scheme Shareholders

Clause 8.4 of the Scheme, contained in Attachment B, provides that, on the Implementation Date (currently expected to be 3 November 2016), each Scheme Shareholder is taken to have warranted to Onthehouse, and each of PIQ1, MCHPL and Sandrift, and appointed and authorised Onthehouse as its attorney and agent to warrant to each of PIQ1, MCHPL and Sandrift on the Implementation Date, that:

- all their Onthehouse Shares which are transferred under the Scheme (including any rights and entitlements attaching to those Onthehouse Shares) will, at the time of transfer, be free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of Third Parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- all of their Onthehouse Shares which are transferred under the Scheme will, on the date on which they are transferred, be fully paid;

- they have full power and capacity to transfer their Onthehouse Shares to PIQ1, MCHPL and Sandrift together with any rights attaching to their Onthehouse Shares; and
- they have no existing right to be issued any Onthehouse Shares, options, performance rights, convertible notes or any other securities of Onthehouse other than, in the case of the holder of Onthehouse Options, the right to be issued Onthehouse Shares on the exercise of those Onthehouse Options in accordance with their terms.

2.16 Suspension of trading in Onthehouse Shares

If the Court approves the Scheme, Onthehouse will immediately notify ASX. It is expected that suspension of trading on ASX in Onthehouse Shares will occur at close of trading on the Effective Date.

2.17 Delisting of Onthehouse

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

2.18 Further questions

If you have any further questions in relation to the Scheme or how you should vote, you should email enquiries@boardroomlimited.com.au. If you have questions regarding the number of Onthehouse Shares you hold, please contact the Registry on 1300 737 760 or (02) 9290 9600 (within Australia) or +61 2 9290 9600 (outside Australia) Monday to Friday between 9:00am and 5:00pm (Sydney time).

3 Information about Onthehouse

3.1 Background

The information set out in this section 3 was prepared by Onthehouse and Onthehouse is responsible for the information contained in this section 3, which contains information in relation to Onthehouse. Additional information about Onthehouse is included in the Independent Expert's Report in Attachment D to this Scheme Booklet. Further information regarding Onthehouse is also available in Onthehouse's FY2016 Annual Report, which is available from the Onthehouse website at <http://shareholders.onthehouse.com.au>.

3.2 Overview of activities

Onthehouse was listed on the ASX in June 2011. Onthehouse's real estate software and mobile products provide real estate marketing, backend software solutions and mobile applications that enable real estate agents to grow and manage their business. Throughout Australia and New Zealand more than 3,300 real estate agencies use the Console GatewayLive property management software and 620 real estate agencies use the Webchoice and ClientManager software.

Real Estate Solutions Software

Onthehouse generates recurring revenue from its real estate software, which includes Console GatewayLive, a locally-installed property management software program, ClientManager a cloud-based sales customer relationship management software solution, and WebChoice, a cloud based platform to deliver websites for real estate agencies.

Real estate agencies use Onthehouse's Console GatewayLive software to operate their property management business and it delivers 84% of Onthehouse's revenue. It has a stable customer base though it has seen increased competition from newer cloud-based software providers. This is particularly the case when competing for new business and has contributed to Onthehouse's relatively flat sales growth in recent years.

To safeguard and grow its share of the market, Onthehouse is currently developing a single cloud-based platform that will replace its existing technology platforms. This new platform is expected to enable Onthehouse to more effectively cross sell all its products and integrate third party solutions to increase yield per customer. It will also deliver efficiencies in its cost base.

Onthehouse estimates, under its current ownership structure, that a minimum viable product (**MVP**) to replace the Console GatewayLive platform with a cloud-based property management module would have been delivered before the end of the financial year ending 30 June 2017. Development of the subsequent modules would then continue into early in the financial year ending 30 June 2019.

During the development of a cloud-based platform, Onthehouse will continue to enhance its existing products with updated features and integrations to improve real estate office efficiencies and profitability. This has included integrations with Viatek's ScanAssist product, that fully integrates with GatewayLive to automate the accounts payable process, the REI forms platform and the rebuilding of the property inspection application LiveAgent APP.

Unlocking future value in new verticals

Onthehouse is unlocking future value in new verticals by leveraging the landlords, tenants, and tradespeople, contained within its Console real estate software.

At present, Onthehouse is building new revenue streams via the recent integration with Maintenance Manager by Property Safe and Viatek. The intention is in the near future to increase these revenue streams through relationships with other providers in the area of utilities, services and payments.

Work is also currently underway to assess whether to build, invest or buy entities in one or more of these emerging verticals to accelerate revenue growth beyond the current software business revenue streams.

Sale of Consumer Online Division

Until May 2016, Onthehouse also operated a consumer online division, which consisted of a real estate portal, a real estate advertising network and a property data business (**COD Business**). The COD Business was sold to RP Data for \$3 million (subject to adjustments) in May 2016 as announced on 11 May 2016.

At the time of the disposal of the COD Business, RP Data had a Relevant Interest in 15,893,545 Onthehouse Shares as a result of the Exclusivity and Standstill Agreement between RP Data and Consortium Members (see sections 4.2 and 4.5). As a result of RP Data's Relevant Interest, the disposal of the COD Business requires shareholder approval under ASX Listing Rule 10.1.3.

Onthehouse has notified Onthehouse Shareholders of the EGM to be convened prior to the Scheme Meeting to consider approving the disposal of the COD Business. A separate notice of meeting and independent expert's report has been distributed to Onthehouse Shareholders for the EGM.

The passing of the EGM Resolution in relation to the disposal of the COD Business is a condition precedent to the Scheme. If the EGM Resolution is not approved, the Scheme Meeting will not be held and the Scheme will not be implemented.

The Independent Directors consider, and considered at the time of the disposal of the COD Business, that the COD Disposal was in the best interests of the Onthehouse Shareholders.

3.3 Onthehouse Directors, officers and senior management

The current Onthehouse Directors and officers are:

Name	Role
Tony Scotton	Independent Non-executive director and Chairman
Angus Johnson	Non-executive director
Michael Dempsey	Non-executive director
Daniel Dempsey	Non-executive director
Lisa Hickson	Independent non-executive director
Kim Clark	Company Secretary

Michael Dempsey and Daniel Dempsey are not considered to be independent in relation to consideration of the Scheme because they are affiliated with 77VSV and Sandrift both of which are Consortium Members.

Key members of Onthehouse's senior management team include:

Name	Position
Chris Meehan	Chief Executive Officer
Emily Santucci	Chief Financial Officer
Arun Thenabadu	Chief Technology Officer
Ian Campbell	Sales and Product Director
Annette Hansen	HR Director
Kirsty Quinn	Operations Manager

3.4 Onthehouse Historical Financial Information

This section sets out summary financial information in relation to Onthehouse for the purpose of this Scheme Booklet. The financial information has been extracted from Onthehouse's audited financial results for the financial years ended 30 June 2016 and 30 June 2015. The income statement for the financial year ended 30 June 2015 has been restated to reflect the impact of discontinued operations due to the sale of the Consumer Online business on 11 May 2016.

The financial information contained in this section has been presented in an abbreviated form and does not contain all of the disclosures, statements or comparative information required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

Onthehouse's full financial accounts, including all notes to those accounts, can be found in Onthehouse's Annual Financial Reports for the financial years ended 30 June 2016 and 30 June 2015, which are available on Onthehouse's website at shareholders.onthehouse.com.au.

Onthehouse's reports for each of these years were audited in accordance with Australian Auditing Standards. The audit opinions relating to those financial reports were unmodified.

3.4.1 Income Statement

Amounts in \$000's	Year Ended 30 June 2016	Year Ended 30 June 2015*
Continuing Operations		
Revenue	21,422	21,525

Operating expenses	(14,028)	(13,908)
Financing costs	(124)	(137)
Amortisation	(4,303)	(3,882)
Depreciation	(278)	(437)
Loss on disposal of assets	(109)	(12)
Profit before income tax expense	2,580	3,149
Income tax benefit/(expense)	388	1,800
Profit for the period from continuing operations	2,968	4,949
Discontinued Operations		
(Loss)/profit after tax for the period from discontinued operations	(6,116)	(13,647)
Net (loss)/profit from discontinued operations	(6,116)	(13,647)
Profit/(loss) attributable to members of the parent	(3,148)	(8,698)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	113	(106)
Other comprehensive income/(loss) for the period, net of tax	113	(106)
Total comprehensive income/(loss) for the period	(3,035)	(8,804)
(Loss)/profit is attributable to:		
Owners of Onthehouse Holdings Limited	(3,148)	(8,698)
Total comprehensive income/(loss) is attributable to:		
Owners of Onthehouse Holdings Limited	(3,035)	(8,804)
Total comprehensive income for the year, net of tax, attributable to members of the parent arising from:		
Continuing operations	3,081	4,843
Discontinued operations	(6,116)	(13,647)
Total comprehensive income/(loss) for the period	(3,035)	(8,804)

* In accordance with the requirements of the accounting standards set by the Australian Accounting Standards Board, the audited income statement for the financial year ended 30 June 2015 has been restated to reflect the impact of discontinued operations due to the sale of COD Business on 11 May 2016.

3.4.2 Consolidated Balance Sheet

Amounts in \$000's	30 June 2016	30 June 2015
Current Assets		
Cash and cash equivalents	2,056	1,838
Trade and other receivables	2,187	2,797
Other assets	222	475
Total current assets	4,465	5,110

Non-Current Assets		
Property, plant and equipment	268	687
Intangible assets	50,986	54,767
Total non-current assets	51,254	55,454
Total assets	55,719	60,564
Current Liabilities		
Trade and other payables	1,397	2,169
Borrowings	184	968
Provisions	864	725
Deferred revenue	1,635	1,724
Total current liabilities	4,080	5,586
Non-Current Liabilities		
Borrowings	66	167
Deferred tax liabilities	-	-
Provisions	131	499
Total non-current liabilities	197	666
Total liabilities	4,277	6,252
Net assets	51,442	54,312
Equity		
Contributed equity	64,411	64,411
Reserves	3,964	3,686
Accumulated losses	(16,933)	(13,785)
Total equity	51,442	54,312

3.4.3 Consolidated Statement of Cash Flows

Amounts in \$000's	Year Ended 30 June 2016	Year Ended 30 June 2015
Cash flows from operating activities		
Receipts from customers	27,569	28,531
Payments to suppliers and employees	(24,103)	(22,815)
Interest received	4	15
Finance costs	(128)	(123)
Income taxes refunded/(paid)	-	53
Net cash flows from operating activities	3,342	5,661
Cash flows from investing activities		
Payments for software and data intangibles	(4,681)	(5,670)
Proceeds from sale of subsidiaries, net cash disposed	2,381	

Payments for acquisition of subsidiaries, net cash acquired	-	(750)
Payments for plant and equipment	(52)	(176)
Net cash flows used in investing activities	2,352	(6,596)
Cash flows from financing activities		
Proceeds from borrowings	-	605
Repayment of borrowings	(885)	(1,142)
Net cash flows used in financing activities	(885)	(537)
Net increase/(decrease) in cash and cash equivalents		
Net foreign exchange difference	113	(106)
Cash and cash equivalents at the beginning of the financial period	1,838	3,416
Cash and cash equivalents at the end of the financial period	2,056	1,838

3.5 Material changes to the financial position of Onthehouse since 30 June 2016

Within the knowledge of the Onthehouse Board, the financial position of Onthehouse has not materially changed since 30 June 2016, being the date of Onthehouse's Annual Financial Report for the financial year ended 30 June 2016 (released to the ASX on 21 August 2016).

3.6 Issued Onthehouse Shares

As at the Last Practicable Date, there were 82,631,484 Onthehouse Shares on issue. Onthehouse does not anticipate that it will issue any Onthehouse Shares on or before the Implementation Date.

The substantial shareholders of Onthehouse as at the Last Practicable Date were:

Substantial Shareholder	Number of Onthehouse Shares	Percentage of total Onthehouse Shares
Asgard Capital Management Limited (77VSV Account)	15,837,745	19.17%
DCM Blue Lake Partners Pty Ltd	7,000,000	8.47%
AWJ Family Pty Ltd as trustee for Angus W Johnson Family A/C and Related Entities	5,941,743	7.19%
Sandon Capital Pty Ltd and Related Entities	5,917,018	7.16%
UBS Nominees Pty Ltd	5,842,264	7.07%

The terms of the Scheme Implementation Deed prohibit Onthehouse from granting or issuing any shares or other securities or otherwise altering its share capital before or on the Implementation Date except, among other exceptions, with the consent of the Consortium, their related entities and representatives.

3.7 Onthehouse Director's interests in Onthehouse Shares

Each Onthehouse Director's Relevant Interest in Onthehouse Shares is set out in the table below:

Onthehouse Director	Relevant Interest in Onthehouse Shares	Percentage of total Onthehouse Shares
Tony Scotton	361,907	0.44%
Michael Dempsey	15,837,745	19.17%
Daniel Dempsey	-	-
Angus Johnson	5,941,743	7.19%
Lisa Hickson	-	-

The Independent Directors, namely Tony Scotton, Angus Johnson and Lisa Hickson, have confirmed that they intend, in respect of any shares held or controlled by them, to vote in favour of the Scheme in the absence of a superior proposal. The Excluded Shareholder will abstain from voting any Onthehouse Shares it owns or controls at the Scheme Meeting. In any event, any votes cast by the Excluded Shareholder will be disregarded by Onthehouse.

Information regarding Onthehouse Options held by Onthehouse Directors is set out in section 7.2 of this Scheme Booklet.

3.8 Onthehouse Directors' intentions if Scheme becomes effective

If the Scheme becomes Effective, the existing Onthehouse Board will be reconstituted in accordance with the instructions of the Consortium after the Implementation Date, which is currently expected to be Thursday 3 November 2016 and all current Onthehouse Directors (other than Michael Dempsey and Daniel Dempsey) will resign. Accordingly, it is not possible for the existing Onthehouse Board to provide a statement of its intentions regarding:

- the continuation of the business of Onthehouse or how Onthehouse's existing business will be conducted;
- any major changes to be made of the business of Onthehouse, including any redeployment of assets of Onthehouse; or
- the future employment of the present employees of Onthehouse,

in each case, after the Scheme is Implemented. Refer to section 4.4 for further details of the Consortium's intentions if the Scheme is Implemented.

3.9 Risk relating to Onthehouse's business

There are existing risks relating to Onthehouse's business and an investment in Onthehouse which will continue to be relevant to Onthehouse Shareholders if the Scheme does not become Effective. A summary of the key risks relating to Onthehouse's business and an investment in Onthehouse is set out in section 5.3.

3.10 Publicly Available Information

Onthehouse is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to certain reporting and disclosure obligations. This requires Onthehouse to give continuous disclosure by lodging disclosures with the ASX of any information

Onthehouse has that a reasonable person would expect to have a material effect on the price or value of Onthehouse Shares.

Information about Onthehouse, including financial information, is available in electronic form on Onthehouse's website at <http://shareholders.onthehouse.com.au>.

All announcements made by Onthehouse from 20 August 2015 (being the date that Onthehouse's Annual Financial Report for the year ended 30 June 2015 was announced to the ASX) to the Last Practicable Date are listed in Attachment F.

In addition, Onthehouse is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Onthehouse may be obtained from <https://asicconnect.asic.gov.au/>.

4 Information on the Consortium

4.1 Overview of the Consortium

The Consortium comprises:

- PIQ1 and MCHPL,² which are both wholly-owned subsidiaries of Macquarie Group Limited (MQG); and
- 77VSV and Sandrift, entities which are affiliated with Michael Dempsey and Daniel Dempsey (who are both Onthehouse Directors, but are not members of the independent board committee which was formed by the Onthehouse Board following the Consortium's initial approach to Onthehouse in December 2015, to consider the Consortium's initial approach).

If the Scheme becomes Effective and is implemented, the Consortium Members will become the only holders of all Onthehouse Shares.

RP Data is not a Consortium Member and will not acquire any Onthehouse Shares under the Scheme, however it has entered into certain agreements with the Consortium Members in relation to the Scheme and certain proposed post-Scheme transactions and arrangements (which are described in section 4.5 of this Scheme Booklet).

Further information about the Consortium Members and RP Data is set out below:

(a) **PIQ1 and MCHPL**

PIQ1 and MCHPL are both wholly owned subsidiaries of Macquarie Group Limited and members of the Macquarie Group of companies.

Macquarie Group Limited is a global financial services provider with offices in 28 countries. It is listed in Australia and is regulated by the Australian Prudential Regulation Authority (**APRA**), the Australian banking regulator, as the owner of Macquarie Bank Limited (**Macquarie Bank, MBL**), an authorised deposit-taking institution (**ADI**). Macquarie's activities are also subject to supervision by various other regulatory agencies around the world.

Founded in 1969, Macquarie now employs over 14,300 people globally, has total assets of \$A196.8 billion and total equity of \$A15.7 billion as at 31 March 2016.

The current directors of Macquarie Group Limited are:

- Gary Banks (Non-executive Director);
- Gordon Cairns (Non-executive Director);
- Michael Coleman (Non-executive Director);
- Patricia Cross (Non-executive Director);
- Diane Grady (Non-executive Director);

² PIQ1 is a wholly owned subsidiary of Macquarie Bank Limited.

MCHPL is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Cth), and MCHPL's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of MCHPL.

- Michael Hawker (Non-executive Director);
- Nicholas Moore (Managing Director and Chief Executive Officer);
- Nicola Wakefield-Evans (Non-executive Director); and
- Peter Warne (Non-executive Chairman).

PIQ1

PIQ1 is a wholly owned subsidiary of Macquarie Bank Limited, which is the key operating and holding company for Macquarie Group's banking group business.

The current directors of PIQ1 are:

- Dean Firth (Executive Director, Macquarie Group);
- Kirk Kileff (Division Director, Macquarie Group); and
- Cameron McMillan (Division Director, Macquarie Group).

MCHPL

MCHPL is a key holding company for Macquarie Group's non-banking group businesses.

The current directors of MCHPL are:

- Alexander Harvey (Executive Director, Macquarie Group);
- Francis Kwok (Executive Director, Macquarie Group); and
- Lisa Fraser (Executive Director, Macquarie Group).

(b) **77VSV**

77VSV is the trustee of 77 Victoria Street Trust (**77VSV Trust**). The principal of the 77VSV Trust (who has the power under its trust deed to appoint new beneficiaries, remove the trustee and appoint a new trustee) is Tiger Lee Pty Ltd ACN 103 568 985 (**Tiger Lee**). The current sole director of 77VSV is Michael Dempsey.

The current sole shareholder of 77VSV, holding 10 ordinary shares, is Tiger Lee as trustee of the MPD Discretionary Trust (**Tiger Lee Trust**). The principal of the Tiger Lee Trust (who has the power under its trust deed to appoint new beneficiaries, remove the trustee and appoint a new trustee) is Daniel Perry Dempsey. The current sole shareholder and sole director of Tiger Lee is Michael Dempsey.

The current primary beneficiaries of the Tiger Lee Trust are:

- Michael Dempsey; and
- Shirley Dell Dempsey,

and their spouses.

The current primary beneficiaries of the 77VSV Trust are:

- Daniel Perry Dempsey; and

- Shirley Dell Dempsey.

(c) **Sandrift**

Sandrift is a wholly owned subsidiary of Vistra Trust (Singapore) Pte Limited (**Vistra Trust**). Sandrift's principal activity is acting as a holding company for certain investments made by the Vistra Trust.

The current directors of Sandrift are:

- Michael Dempsey; and
- Hugh Darwell.

Vistra Trust is an independent trustee company regulated by the Monetary Authority of Singapore.

Vistra Trust holds all of the 1,000 ordinary shares issued in Sandrift in its capacity as the trustee of sub-funds of IS&P Singapore Retirement Fund, the members of which are Daniel Dempsey and Michael Dempsey.

(d) **RP Data**

RP Data is an indirect, wholly owned subsidiary of CoreLogic, Inc., which is listed on the New York Stock Exchange.

The CoreLogic Group is a leading global property information, analytics and data-enabled services provider operating in North America, Western Europe and Asia Pacific.

RP Data is a leading provider in Australia and New Zealand of property information, analytics and property-related risk management services to consumers, investors, real estate, mortgage, finance, banking, building services, insurance, developers, wealth management and government.

The current directors of RP Data are:

- Jim Balas (Chief Financial Officer, CoreLogic, Inc.);
- David Hayes (Vice President, Treasurer, CoreLogic, Inc.); and
- Graham Mirabito (Chief Executive Officer International, RP Data).

(e) **Rationale for the Consortium Members' and RP Data's participation in the transaction**

The Consortium has identified the Onthehouse Group as a leading real estate software business in Australia and New Zealand with a significant number of real estate agencies using its Console GatewayLive, Webchoice and ClientManager software.

The Consortium Members and RP Data have significant experience in the real estate and technology sectors, and believe that these capabilities put them in a strong position to be able to support Onthehouse's management to grow and develop Onthehouse's business, including by navigating the transition from its current software products to cloud-based, software-as-a-service offerings and becoming a leading next-generation real estate software business. The Consortium Members

consider that Onthehouse will be better able to achieve this goal under the ownership of, and with access to the financial and other resources of, the Consortium Members.

(i) 77VSV and Sandrift

Michael and Daniel Dempsey (with whom 77VSV and Sandrift are affiliated) are entrepreneurs with experience in technology and real estate, having previously founded and sold Ezidebit (a payments technology company) to Global Payment Networks in October 2014. Michael and Daniel Dempsey believe that Onthehouse will be best positioned to meet the challenges of developing next-generation software as a non-public company with the strong financial backing of the Consortium Members, and that through their participation in the Consortium they can utilise their previous business experience to most effectively assist in supporting and growing the Onthehouse business.

(ii) PIQ1

Macquarie Bank Limited (which is the sole shareholder of PIQ1) has existing experience in the real estate software industry, having jointly founded PropertyIQ (described in section 4.5(b)(i)) with RP Data in early 2015 to develop real estate software. Macquarie Bank Limited considers that it can utilise its contribution of PropertyIQ (through the proposed post-Scheme transaction described in section 4.5(b)(i)) along with its existing expertise and experience to support Onthehouse's development and growth towards the goal of creating next-generation real estate software. Additionally, Macquarie Bank Limited believes that its participation in the Consortium (through PIQ1) offers the opportunity for it and Onthehouse to work together to promote each other's businesses and services to their customers, including through the proposed Banking Services Agreement described in section 4.5(c).

(iii) RP Data

RP Data's experience in the real estate software industry includes operating the RP Office Business (described in section 4.5(b)(ii)) and having jointly founded PropertyIQ with Macquarie Bank Limited in early 2015 to develop next-generation real estate software. RP Data sees the potential for its participation in the proposed post-Scheme transactions (described in section 4.5) to provide it with an investment in a company with a stable real estate customer base and a solid platform for growth in the real estate software market.

(iv) MCHPL

MCHPL has a strong investment track record as a successful financial investor in the technology and real estate sectors, including investments in 3P Learning Limited (education technology provider), Link Administration Holdings Limited (financial technology provider), Charter Hall Group (leading Australian property group) and Iglu Pty Ltd (real estate related to student accommodation), and believes that it can utilise its investment experience to generate returns as a financial investor from its investment in Onthehouse.

4.2 Consortium Members' interests in Onthehouse securities

(a) Relevant Interests and voting power

As at the Last Practicable Date:

- 77VSV has a Relevant Interest in 15,837,745 Onthehouse Shares (being approximately 19.17% of the total number of Onthehouse Shares) which are

held by or on behalf of it. Michael Dempsey and certain entities Associated with and Controlled by Michael Dempsey (including those disclosed by 77VSV in the Form 604 (Notice of change of interests of substantial holder) dated 6 February 2015), also hold the same Relevant Interests in Onthehouse Shares and voting power in Onthehouse. As 77VSV is the Excluded Shareholder, it will not be entitled to vote these Onthehouse Shares on the Scheme Resolution.

- Macquarie Group, through its wholly-owned subsidiary Macquarie Investment Management Ltd (**MIML**), has, and as a result each Related Body Corporate of Macquarie Group (including PIQ1 and MCHPL) has, a Relevant Interest in 30,000 Onthehouse Shares (being approximately 0.036% of the total number of Onthehouse Shares). MIML holds these Onthehouse Shares in its role as trustee for the superannuation fund known as the Macquarie Superannuation Plan. MIML as trustee will exercise voting rights, on behalf of the fund, where required by any applicable laws or regulations and in accordance with its voting policies. MIML's policy is to consider voting any shares it holds in this capacity only if such shares constitute more than 5% of the total number of shares in the relevant company. Accordingly, MIML will not vote any Onthehouse Shares it holds in its capacity as trustee for the Macquarie Superannuation Plan on the Scheme Resolution.

MIML also holds a further 49,000 Onthehouse Shares (being approximately 0.059% of the total number of Onthehouse Shares) as a bare trustee and custodian for third party investors as part of an "Investor Directed Portfolio Service" operated by MIML. These Onthehouse Shares are held by MIML on an "investor directed" basis, meaning that MIML may only vote these Onthehouse Shares if and as directed to do so by the underlying third party investors. Accordingly, MIML will only vote any Onthehouse Shares it holds as part of its Investor Director Portfolio on the Scheme Resolution if and as MIML is directed to do so by the third party investors on whose behalf MIML holds such Onthehouse Shares.

None of the above-described MIML-held Onthehouse Shares form part of the Consortium Members' interests. If the Scheme is implemented, any Onthehouse Shares held by MIML as at the Scheme Record Date will be acquired by the Consortium Members pursuant to the Scheme (in the same manner as all other Scheme Shares).

- As a result of their membership of the Consortium, and pursuant to the terms of the Consortium Agreement (see section 4.5(a) of this Scheme Booklet) and, previously, the Exclusivity and Standstill Agreement, each Consortium Member and RP Data has a Relevant Interest in all Onthehouse Shares in which any of them has a Relevant Interest, and therefore each Consortium Member, RP Data, and each of their respective Related Bodies Corporate and controlling persons has:
 - a Relevant Interest in a total of 15,867,745 Onthehouse Shares; and
 - voting power in Onthehouse of 19.20%.

Daniel Dempsey also has voting power in Onthehouse of 19.20% as a result of his being an Associate of 77VSV and the other Consortium Members (as disclosed by Daniel Dempsey in the Form 603 (Notice of initial substantial holder) dated 24 December 2015).

- 77VSV and Daniel Dempsey also hold Options which, if the Scheme is approved by Requisite Majorities of Onthehouse Shareholders and the Court,

will be cancelled on the Effective Date. See sections 2.8 and 7.2 of this Scheme Booklet for further details about Options.

Except as described above, as at the date of this Scheme Booklet, none of the Consortium Members have, and nor does any Associate of any Consortium Member have, any Relevant Interest in any Onthehouse Shares or any voting power in Onthehouse.

(b) No dealings in the previous four months

Except for the Scheme Consideration to be provided pursuant to the Scheme, during the period of four months before the date of this Scheme Booklet, none of the Consortium Members have, and nor has any Associate of any Consortium Member, provided or agreed to provide consideration for any Onthehouse Shares under a purchase or other agreement.

(c) Benefits during the previous four months

During the four months before the date of this Scheme Booklet, none of the Consortium Members have, and nor has any Associate of any Consortium Member, given, offered to give or agreed to give a benefit to another person where such benefit was likely to induce the other person or an Associate to:

- vote in favour of the Scheme; or
- dispose of Onthehouse Shares,

and was not also offered to all Onthehouse Shareholders.

4.3 Funding arrangements for Scheme Consideration

The maximum amount of cash required to be paid by the Consortium Members to Scheme Shareholders under the Scheme is \$56,774,678.15 (based on there being a total of 66,793,739 Scheme Shares).

Under the Scheme Implementation Deed and the Deed Poll, each of PIQ1, MCHPL and Sandrift are severally responsible for paying the Scheme Consideration in the following amounts:

- PIQ1 – \$16,434,190.70 (being approximately 28.9% of the total Scheme Consideration);
- MCHPL – \$25,861,257.65 (being approximately 45.6% of the total Scheme Consideration); and
- Sandrift – \$14,479,229.80 (being approximately 25.5% of the total Scheme Consideration).

(a) PIQ1

The maximum amount of cash to be paid by PIQ1 to Scheme Shareholders as Scheme Consideration is \$16,434,190.70.

PIQ1 is a wholly owned subsidiary of Macquarie Bank Limited, which is the key operating and holding company for Macquarie Group's banking group business.

Pursuant to internal Macquarie Group funding arrangements, PIQ1 (and Macquarie Bank Limited) has access to cash reserves held by members of the Macquarie Group

which are of an amount that materially exceeds the amount of its portion of the Scheme Consideration. Subject to the Conditions Precedent being fulfilled, PIQ1 has the ability to draw on these internal funding arrangements in order to fully fund its obligations to pay its portion of the Scheme Consideration.

(b) **MCHPL**

The maximum amount of cash to be paid by MCHPL to Scheme Shareholders as Scheme Consideration is \$25,861,257.65.

MCHPL is the principal holding company for Macquarie Group's non-banking group businesses.

Pursuant to internal Macquarie Group funding arrangements, MCHPL has access to cash reserves held by members of the Macquarie Group which are of an amount that materially exceeds the amount of its portion of the Scheme Consideration. Subject to the Conditions Precedent being fulfilled, MCHPL has the ability to draw on these internal funding arrangements in order to fully fund its obligations to pay its portion of the Scheme Consideration.

(c) **Sandrift**

The maximum amount of cash to be paid by Sandrift to Scheme Shareholders as Scheme Consideration is \$14,479,229.80.

Sandrift will fund the payment of its portion of the Scheme Consideration through an equity injection by Vistra Trust, the legal holder of all of the shares in Sandrift. As at the date of this Scheme Booklet, the funds for this equity injection are intended to be drawn from and supported by funds, equities and money market deposits which are of an amount substantially in excess of \$14,479,229.80, and which are held in Singapore. This equity injection will be completed prior to the Scheme Meeting.

On the basis of the arrangements described above, Sandrift believes it has reasonable grounds for holding the view, and holds the view, that it will be able to satisfy its obligations to pay its portion of the Scheme Consideration as and when it is due under the terms of the Scheme.

Sandrift's obligations to pay its portion of the Scheme Consideration are supported by a personal guarantee given by Michael Dempsey in favour of the Scheme Shareholders. Michael Dempsey's aggregate maximum liability under the guarantee and any non-contractual claims arising from or in connection with the guarantee is the same as the amount of the portion of the Scheme Consideration payable by Sandrift, being \$14,479,229.80.

4.4 Intentions of Consortium Members if the Scheme is implemented

If the Scheme is implemented, the Consortium Members (and subsequently, if the proposed post-Scheme transactions described in section 4.5(b) of this Scheme Booklet are completed, RP Data) will become the only holders of all Onthehouse Shares.

This section 4.4 sets out the intentions of the Consortium Members in relation to the continuation of Onthehouse's business, any major changes to Onthehouse's business and any redeployment of the fixed assets of Onthehouse and the future employment of the present employees of Onthehouse, in each case if the Scheme is implemented.

The statements made in this section 4.4 are statements of present intention only and are based on the information concerning Onthehouse (including certain non-public information made available by Onthehouse to the Consortium Members prior to their entry into the Scheme Implementation Deed) and the general business environment that is known to the Consortium Members at the time of preparation of this Scheme Booklet.

Final decisions will only be made by the Consortium Members after having conducted a detailed review of Onthehouse's business following implementation of the Scheme. Accordingly, the statements set out in this section 4.4 are statements of present intention only, which may change as new information becomes available or circumstances change.

(a) **Onthehouse to be delisted**

If the Scheme is implemented, the Consortium Members will cause Onthehouse to request that ASX remove Onthehouse from its official list.

(b) **Governance and board of directors**

If the Scheme is implemented:

- the Consortium Members will (and will procure that Onthehouse will) enter into an agreed form shareholders' agreement in relation to Onthehouse, as further described in section 4.5(c) of this Scheme Booklet; and
- the Consortium Members intend to replace the current Onthehouse Directors (other than Michael Dempsey and Daniel Dempsey) with their nominees.

(c) **Management and employees**

As noted above, it is intended that the Consortium Members will undertake a detailed review of Onthehouse following implementation of the Scheme to determine the optimum manner of operating and managing Onthehouse's business. Decisions about the future operating plans and management organisation for the Onthehouse Group will be made by the new board of Onthehouse following the implementation of the Scheme and completion of the detailed post-acquisition review.

As part of their planning for the future strategy and direction of the Onthehouse Group's business should the Scheme be implemented, the Consortium Members will also review senior management roles and functions and office locations to ensure that they are appropriately aligned with the Onthehouse Group's business and future strategy.

A number of additional employees will be added to the Onthehouse Group upon completion of the proposed post-Scheme transactions described in section 4.5(b) of this Scheme Booklet. The Consortium Members do not expect that there will, following implementation of the Scheme, be any other material change in the total number of employees who are employed by the Onthehouse Group.

(d) **Operations and continuation of business**

If the Scheme is implemented, the Consortium Members intend to cause Onthehouse to enter into:

- agreements to acquire, and to (subject to the terms of such agreements) complete the acquisitions of, PropertyIQ and the RP Office Business, as described in section 4.5(b) of this Scheme Booklet; and

- certain other agreements and arrangements with the Consortium Members, RP Data and certain of their Related Bodies Corporate, as described in section 4.5(c) of this Scheme Booklet.

Subject to and following completion of the proposed post-Scheme transactions described in section 4.5(b) of this Scheme Booklet, the Consortium Members plan to integrate PropertyIQ and the RP Office Business with the Onthehouse Group's current business and operations, and otherwise to continue to develop and grow the Onthehouse Group's current business, including the development of 'Software as a Service' products and solutions, and investigate the potential for additional acquisitions and other expansion opportunities. It is possible that the Consortium Members will form intentions regarding additional material post-Scheme transactions during the period between the date of this Scheme Booklet and the date of the Scheme Meeting, in which case Onthehouse Shareholders will be informed of those matters (through ASX announcements to be made by Onthehouse).

As required under the terms of the sale agreement in relation to the COD Business between Onthehouse and RP Data, the Consortium Members propose to change the name of Onthehouse (and the name under which the Onthehouse Group operates its continuing business). The Consortium Members have selected "Console Group Limited" as the new company name for Onthehouse.

The Consortium Members will review Onthehouse's existing finance facilities and may consider refinancing those facilities on or after the Implementation Date. The terms and other details of any such proposed refinancing have not, as at the date of this Scheme Booklet, been determined.

(e) **Other intentions**

Other than as set out above and in section 4.5 of this Scheme Booklet, and subject to the detailed review of Onthehouse following implementation of the Scheme, the Consortium Members have no current intention to make any major changes to, or dispose of any parts of, Onthehouse's business.

4.5 Other material information

(a) **Consortium Agreement**

On 5 July 2016, the Consortium Members, certain of their Related Bodies Corporate and RP Data entered into the Consortium Agreement for the purposes of governing the relationship between them on and from the date of the Scheme Implementation Deed. The relationship between the Consortium Members and RP Data had previously been governed by the Exclusivity and Standstill Agreement, a copy of which was attached to the notices of initial substantial holder submitted to ASX by certain of the Consortium Members on 23 December 2015.

The key terms of the Consortium Agreement are summarised below:

(i) **Conduct of the Scheme**

The Consortium Members have formed a steering committee, comprising two representatives of PIQ1, two representatives of MCHPL, one representative of 77VSV and one representative of Sandrift.

Unless otherwise agreed between the Consortium Members, all proposals and decisions:

- to perform any obligation or satisfy any liability imposed on the Consortium Members collectively by, or exercise any right, power, permission or discretion of the Consortium Members collectively under, the Scheme Implementation Deed, Scheme or Deed Poll;
- to waive any Condition Precedent in the Scheme Implementation Deed;
- to amend, assign or terminate the Scheme Implementation Deed, Scheme or Deed Poll;
- to provide Onthehouse with any information about the Consortium Members (collectively) that is required to be provided under the Scheme Implementation Deed;
- to make any applications or submissions to, or issue any material correspondence to, a Government Agency in relation to the Scheme;
- by any Consortium Member to commence Takeovers Panel proceedings in relation to the Scheme; or
- by any Consortium Member to:
 - purchase or acquire Onthehouse Shares outside of the Scheme; or
 - reach any agreement, arrangement or understanding with any Third Party regarding any dealings in Onthehouse Shares or in the assets of Onthehouse or any member of the Onthehouse Group,

must, except to the extent such decision or proposal is required by an order made by the Takeovers Panel or a court, be unanimously agreed between the Consortium Members' representatives on the steering committee.

The Consortium Members, in consultation with RP Data, must also use their reasonable endeavours to agree and abide by a communications strategy and protocol in relation to engagement with relevant stakeholders, including Onthehouse, the Independent Directors and Onthehouse Shareholders (other than 77VSV).

(ii) Disclosure obligations in relation to the Scheme

Each Consortium Member must ensure that it complies with all of its obligations under the Scheme Implementation Deed to provide information in relation to that particular Consortium Member, and take reasonable steps to verify the accuracy of such information, and ensure that such information is not misleading or deceptive in any material respect.

The Consortium Members must also use reasonable endeavours to agree with each other the content and form of any information about the Consortium Members (collectively) that is required to be provided under the Scheme Implementation Deed, take all reasonable steps to verify the accuracy of such information and ensure that such information is not misleading or deceptive in any material respect, and to update such information until there is no longer any legal obligation to do so.

RP Data must provide any information reasonably requested of it by the Consortium Members in relation to their disclosure obligations under the Scheme Implementation Deed, take all reasonable steps to verify the accuracy of such information and ensure that such information is not misleading or deceptive in any

material respect, and to update such information until there is no longer any legal obligation to do so.

(iii) Reimbursement Fee

If Onthehouse becomes liable to pay the Reimbursement Fee under the Scheme Implementation Deed, the Reimbursement Fee will be split between the Consortium Members and RP Data as follows:

- PIQ1: 25%;
- MCHPL: 25%;
- 77VSV: 18.6%;
- Sandrift: 18.6%; and
- RP Data: 12.8%.

(iv) Standstill, exclusivity and upside sharing

- **Exclusivity:** Each Consortium Member and RP Data must (and must procure that each of its Related Bodies Corporate and Controlled Entities will):
 - terminate any existing discussions, negotiations or other arrangements with third parties (if any) regarding any actual or potential Competing Proposal;
 - for the term of the Consortium Agreement, not enter into, invite or solicit any discussions, negotiations or other arrangements with third parties regarding any Competing Proposal; and
 - during the term of the Consortium Agreement, immediately notify each other Consortium Member and RP Data (as applicable) if it is approached in relation to, or becomes aware of any negotiations or discussions regarding, an actual or potential Competing Proposal, and provide them with details of any such Competing Proposal.
- **Standstill:** During the Standstill Period, each Consortium Member and RP Data will not and will procure that its Related Bodies Corporate and Controlled Entities will not:
 - acquire or purchase, or agree to acquire or purchase, any Onthehouse securities (or any direct or indirect rights or interests in any Onthehouse securities);
 - sell or dispose of, or agree to sell or dispose of, any Onthehouse securities (or any direct or indirect rights or interests in any Onthehouse securities);
 - enter into any agreement or arrangement which confers rights, the economic effect of which is equivalent or substantially equivalent to the acquisition, purchase, sale or disposal of Onthehouse securities (including cash settled derivative contracts, contracts for differences or other derivative contracts);

- solicit proxies from Onthehouse Shareholders, or otherwise seek to influence or control the management or policies of Onthehouse; or
- aid, abet, counsel, procure or induce any other person in doing any of the things mentioned above,

in each case, unless pursuant to the terms of an agreement between the Consortium Members and RP Data, or unless each other Consortium Member and RP Data (as applicable) agrees in writing.

- **Exceptions to exclusivity and standstill obligations:**

- In the case of PIQ1 and MCHPL, the exclusivity and standstill obligations and restrictions set out above do not apply to or restrict any division or business within the Macquarie Group other than the Macquarie Restricted Businesses.
- In the case of 77VSV and Sandrift:
 - the exclusivity obligations set out above shall not require 77VSV or Sandrift to notify the other Consortium Members or RP Data of a Competing Proposal of which either Michael Dempsey or Daniel Dempsey becomes aware in their capacity as a director of Onthehouse where such notification would cause either of Michael Dempsey or Daniel Dempsey to be in breach of his duties as a director of Onthehouse; and
 - the standstill restrictions set out above shall not restrict 77VSV and Daniel Dempsey from entering into and carrying out their obligations under their respective Option Cancellation Letters.

- **Upside sharing:** If, during the Standstill Period, a Third Party (or parties) publicly announces or proposes a Competing Proposal, even though the Competing Proposal may not be implemented or made during the Standstill Period, then:

- 77VSV must not, in respect of a Competing Proposal, either vote in favour of a scheme of arrangement or accept a takeover offer, unless agreed in writing by PIQ1, MCHPL and 77VSV; and
- if PIQ1, MCHPL and 77VSV agree in writing that 77VSV should, in relation to a Competing Proposal, vote in favour of or accept (as applicable) the Competing Proposal, then:
 - 77VSV must vote in favour of or accept (as applicable) the relevant Competing Proposal in respect of all its Onthehouse Shares; and
 - if a relevant Competing Proposal that takes the form of a scheme of arrangement is approved and implemented, or 77VSV's Onthehouse Shares are acquired by a Third Party bidder under a relevant Competing Proposal that takes the form of a takeover, then, upon receiving the consideration under the relevant Competing Proposal for the Onthehouse

Shares held by it, 77VSV must pay to each of PIQ1, MCHPL and RP Data a cash sum calculated as follows:

$$\text{Amount payable} = (A - B) \times C \times \text{Relevant Proportionate Share}$$

Where

"A" is the price per Onthehouse Share under the relevant Competing Proposal;

"B" is the closing price of Onthehouse Shares on ASX on the day before the date of the agreement;

"C" is the number of Onthehouse Shares held by 77VSV at the date of the agreement; and

"Relevant Proportionate Share" means: (A) in the case of PIQ1, 21.75%; (B) in the case of MCHPL, 21.75%; and (C) in the case of RP Data, 6.5%.

(v) Costs

The Consortium Members, together with RP Data, have agreed to cost sharing arrangements for certain common transaction costs incurred between the date of the Exclusivity and Standstill Agreement and the Scheme Implementation Date.

(vi) Proposed post-scheme transactions and arrangements

On the Scheme Implementation Date, the Consortium Members and RP Data are required to procure that they, Onthehouse and, where relevant, certain of their Related Bodies Corporate, enter into specified agreements and arrangements in relation to the business, operations and governance of Onthehouse. These proposed arrangements and agreements are summarised in sections 4.5(b) and 4.5(c) of this Scheme Booklet.

(vii) Termination

The Consortium Agreement will terminate automatically:

- if the Scheme Implementation Deed is validly terminated by the Consortium Members or Onthehouse in accordance with its terms; or
- on the later of:
 - the second Business Day after the Scheme Implementation Date; and
 - the date on which both the PropertyIQ Acquisition Agreement and the RP Office Acquisition Agreement have been completed or terminated.

Certain specified provisions of the Consortium Agreement survive termination.

(b) Proposed post-Scheme transactions

Pursuant to the Consortium Agreement, the Consortium Members, RP Data and certain of their Related Bodies Corporate have agreed to, if the Scheme is implemented, enter into (and procure that Onthehouse enters into) specified agreements and arrangements in relation to the business, operations and governance of Onthehouse.

An overview of these agreements and arrangements is set out below:

(i) Proposed acquisition of PropertyIQ

PropertyIQ is a 50:50 joint venture between MBL and RP Data providing real estate software solutions to the real estate, property management and strata management industries.

Following the implementation of the Scheme, it is intended that Onthehouse, MBL and RP Data will enter into an agreed form acquisition agreement (**PropertyIQ Acquisition Agreement**) under which Onthehouse will acquire 100% of the shares in PropertyIQ in consideration for the issue of Onthehouse Shares to MBL and RP Data (or their respective nominees).

Completion under the PropertyIQ Acquisition Agreement will be subject to certain conditions precedent, including the ACCC indicating in writing or by public statement that it does not propose to intervene in Onthehouse's proposed acquisition of PropertyIQ or otherwise approving the acquisition on terms acceptable to the parties to the PropertyIQ Acquisition Agreement.

The PropertyIQ Acquisition Agreement will also include various provisions relating to matters often addressed in a share purchase agreement, including requirements as to the conduct of PropertyIQ's business prior to completion, warranties, certain specific indemnities (including in relation to certain tax matters), a regime governing the making of any claims under the agreement, and termination rights.

(ii) Proposed acquisition of RP Office

RP Office is a property management software business that is currently wholly-owned by RP Data (**RP Office Business**).

Following the implementation of the Scheme, it is intended that Onthehouse and RP Data will enter into an acquisition agreement (**RP Office Acquisition Agreement**) under which Onthehouse will acquire the whole of the RP Office Business from RP Data in consideration for the issue of Onthehouse Shares to RP Data.

The Consortium Members' obligations under the Consortium Agreement to procure that Onthehouse enter into the RP Office Acquisition Agreement are subject to (among other things) the Consortium Members confirming certain agreed assumptions regarding the status of the RP Office Business.

Completion under the RP Office Acquisition Agreement will be subject to certain conditions precedent, including:

- RP Data having restructured the RP Office Business to facilitate the proposed acquisition;
- the ACCC indicating in writing or by public statement that it does not propose to intervene in Onthehouse's proposed acquisition of the RP Office Business or otherwise approving the acquisition on terms acceptable to the parties to the RP Office Acquisition Agreement; and
- completion under the PropertyIQ Acquisition Agreement having occurred.

It is proposed that the RP Office Acquisition Agreement will also include customary terms for a share sale agreement, including requirements as to the conduct of the

RP Office Business prior to completion, warranties, certain specific indemnities (including in relation to tax matters), and termination rights.

It is also proposed that, at completion under the RP Office Acquisition Agreement, the sale entity and RP Data will enter into a transitional services agreement in relation to office space and certain other corporate services to be provided by RP Data.

If completion under the RP Office Acquisition Agreement does not occur, RP Data will (under the Consortium Agreement described in section 4.5(a)) have the right to subscribe for such number of Onthehouse Shares as it would have been issued had completion occurred.

(iii) Anticipated post-transaction Onthehouse shareholdings

If both of the proposed post-Scheme transactions described above are completed, it is expected that the Consortium Members' and RP Data's shareholdings in Onthehouse will be as follows:

- PIQ1: 25.00%;
- MCHPL: 25.00%;
- 77VSV: 17.84%;
- Sandrift: 19.19%; and
- RP Data: 12.97%.

If one or both of the proposed post-Scheme transactions described above do not proceed to completion, the Consortium Members' and RP Data's shareholdings in Onthehouse may vary from those set out above. In particular, if completion occurs under the PIQ Acquisition Agreement but not under the RP Office Acquisition Agreement and RP Data does not exercise the subscription right described in section 4.5(b)(ii), RP Data's shareholding in Onthehouse will be less than and the Consortium Members' shareholdings in Onthehouse will be greater than those set out above.

(c) Other proposed post-Scheme agreements

Pursuant to the Consortium Agreement, in addition to the proposed transactions described in section 4.5(b) of this Scheme Booklet, following the implementation of the Scheme the Consortium Members intend to enter into and, where relevant, procure that Onthehouse or certain Related Bodies Corporate of certain of the Consortium Members enter into, the following agreements:

- **Shareholders' Agreement:** On the Scheme Implementation Date, the Consortium Members will (and will procure that Onthehouse will) enter into an agreed form shareholders' agreement in relation to Onthehouse. The shareholders' agreement will set out the Consortium Members' respective rights and obligations as members of Onthehouse and the arrangements between them for the management, control and funding of Onthehouse. The shareholders' agreement will include terms customary for agreements of that type, including rights to appoint directors, notice and quorum requirements for board and shareholder meetings, board and shareholder reserved matters, restrictions on shareholders' other business, provisions regarding to any proposed issues or transfers of Onthehouse Shares (including pre-emptive rights, drag along rights and tag along rights), and dispute resolution procedures. RP Data will, upon completion of the

proposed post-Scheme transactions described in section 4.5(b) of this Scheme Booklet, accede to the Shareholders' Agreement.

- **Banking Services Agreement:** Under this agreement, Onthehouse will engage MBL as its preferred supplier of banking services. In particular, Onthehouse will facilitate the introduction of Onthehouse customers to specified MBL banking and financial services products, including through the integration of such products with Onthehouse's technology platform. Onthehouse and MBL will also promote each other's businesses and services to their customers.
- **Data Licence and Commercialisation Agreement:** Under this agreement, Onthehouse will grant a licence to RP Data to use, for specified purposes, certain historical and future data collected or derived by Onthehouse, in consideration for agreed fee amounts payable annually. The Data Licence and Commercialisation Agreement will have an initial term of three years.
- **Financial Advisory Appointment Agreement:** Under this agreement, Onthehouse will appoint Macquarie Capital (Australia) Limited as its preferred financial adviser in relation to certain corporate transactions.

(d) **Other matters**

Except as set out in this section 4 of this Scheme Booklet, there is no other information regarding the Consortium Members, or their intentions regarding Onthehouse, that:

- is within the knowledge of a Consortium Member as at the Last Practicable Date;
- has not been previously disclosed to Onthehouse Shareholders; and
- is material to the making of a decision by an Onthehouse Shareholder whether to vote in favour of the Scheme.

5 What if the Scheme is not implemented?

5.1 What if the Scheme is not implemented?

If the Scheme is not implemented, there will be no change to Onthehouse and it will continue to operate on a standalone basis. As such, you will retain your Onthehouse Shares and they will not be acquired by the Consortium. While it is not possible to predict the future performance of Onthehouse, in deciding whether or not to vote in favour of the Scheme Resolution you should have regard to the prospects of Onthehouse if the Scheme is not approved and implemented, including the risks described below.

5.2 Strategy and intentions for Onthehouse if the Scheme does not proceed

Should the Scheme not proceed and if a Superior Proposal does not emerge, Onthehouse will continue with its activities with the attendant risks outlined in section 5.3 of this Scheme Booklet.

5.3 Risks associated with Onthehouse if the Scheme is not implemented

If the Scheme is not implemented Onthehouse will remain a listed company and continue to be subject to various risks specific to its business activities and of a general nature. The principal risks that could have a material adverse effect on Onthehouse's future operating and/or financial performance and the value of Onthehouse Shares are listed below.

The risks described below are not to be taken as exhaustive or listed in any order of importance.

(a) Market Risks

(i) Increased Competition

Onthehouse faces a number of competitors in each of its product lines and there is a possibility that existing competitors may seek to consolidate, engage in more aggressive marketing or pricing behaviour or develop superior products or that new competitors will enter the market. Increased competition from new and existing competitors may have an adverse effect on the financial performance and/or the financial position of Onthehouse.

There is a commercial risk that the property management software, client relationship management software and real estate website software, which Onthehouse provides to real estate agents across Australia and New Zealand, will lose market share in the face of products offered by newer cloud-based competitors. In particular, Onthehouse's property management software, which is responsible for the majority of Onthehouse's revenue, is a locally installed program (as opposed to a cloud-based program) and is facing increasing competition from newer cloud-based rivals. This is a particular risk when Onthehouse competes for new business and has contributed to Onthehouse's relatively flat sales growth in recent years. To remain competitive, Onthehouse must develop a cloud-based version of its property management software, which it has commenced building and which requires substantial continued investment. Onthehouse estimates that, under its current ownership structure, a MVP release of this cloud-based real estate solutions platform would have been delivered before the end of the 2017 financial year.

There is a commercial risk that Onthehouse's new cloud product will not be delivered on time or on budget and that existing customers may select an alternative cloud-based provider when faced with the decision to upgrade.

(ii) Downturn in the real estate sector

Onthehouse's customers operate in the real estate sector. The real estate sector is heavily influenced by the general condition of the Australian economy. As a result, the financial performance and business of Onthehouse may be influenced by prevailing economic conditions and any increase or reduction in demand in the real estate sector. A reduction in the level of economic activity in the real estate sector, and in particular any consolidation or reduction in the number of real estate agencies, may reduce demand for the products of Onthehouse. This may have a material adverse effect on the financial performance and/or financial position of Onthehouse.

(iii) Failure to attract new customers

Onthehouse's performance is dependent on the Company's ability to attract new customers. If Onthehouse is unable to attract new customers, there is a risk that Onthehouse's financial performance will be adversely affected.

(b) Technology

(i) Developments in Technology

Onthehouse operates in an environment characterised by rapidly changing technology and new product introductions (including the development of cloud-based property management software). An unpredicted development in technology or new product may have a material adverse effect on the financial performance and/or the financial position of Onthehouse.

An inability to adapt to technological developments (beyond the development of the new cloud-based product) may negatively impact the ability of Onthehouse to attract and retain customers and have a material adverse effect on the business of Onthehouse. Technical difficulties in the roll-out of new technologies by Onthehouse or low-levels of take-up of Onthehouse products by existing customers may also have a material adverse effect on the business of Onthehouse and result in Onthehouse losing market share to an alternative cloud-based provider.

(ii) Integrity of Technology

Onthehouse is heavily reliant on the security of its software and databases. Breaches of security from either Onthehouse or third party suppliers could impact on user satisfaction or the integrity of the software and have a material adverse effect on the financial performance and/or financial position of the company.

(c) Intellectual Property

Onthehouse has invested, and is investing, heavily in the development of its software platform. Onthehouse owns the copyright to software applications developed in-house. Intellectual property law protects Onthehouse's proprietary rights in its software. In spite of such laws, there is no guarantee that unauthorised use or copying of software developed by Onthehouse will not occur. Unauthorised use or copying of Onthehouse's software may have a material effect on the financial performance and/or financial position of Onthehouse and may lead to litigation by Onthehouse in order to protect its intellectual property.

(d) **Financial risk**

(i) **Currency risk**

As a result of operations in New Zealand, the Group is exposed to transaction and conversion risk in New Zealand dollars. The impact of this is not considered to be material to the Onthehouse Group's financial results.

(e) **General risks**

(i) **Accounting standards**

Australian accounting standards are issued by the Australian Accounting Standards Board and are not within the control of Onthehouse or the Onthehouse Directors. Any changes to the accounting standards or to their interpretation may have an adverse effect on Onthehouse's reported financial performance and position.

(ii) **Exposure to changes in tax rules or their interpretation**

Tax rules or their interpretation in relation to equity investments, divestments and other transactions entered into in the ordinary course of Onthehouse's business may change. In particular, both the level and basis of taxation may change. In addition, from time to time the Australian Taxation Office also reviews the tax treatment of transactions entered into by Onthehouse. Any actual or alleged failure to comply with, or any change in the application or interpretation of tax rules applied in respect of such transactions, increase its tax liabilities or expose it to legal, regulatory or other actions. In addition, an investment in the Shares involves tax considerations which may differ for each Onthehouse Shareholder. Each Onthehouse Shareholder is encouraged to seek professional tax advice in connection with any investment in Onthehouse.

(iii) **Force majeure events**

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of Onthehouse and the underlying value of Onthehouse Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the value of the business. Onthehouse has only a limited ability to insure against some of these risks.

6 Taxation implications for Scheme Shareholders

6.1 Introduction

The following is an outline of the principal Australian income tax consequences applicable to a Scheme Shareholder who disposes of Onthehouse Shares under the Scheme. This outline reflects the current provisions of the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth) and the regulations made under those Acts, taking into account the current administrative practices of the Australian Taxation Office. The outline does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation of countries apart from Australia.

The following outline is not exhaustive of all possible Australian income tax considerations that could apply to Scheme Shareholders. In particular, the summary is only relevant to those Scheme Shareholders who hold their Onthehouse Shares on capital account and it does not address all tax considerations applicable to Scheme Shareholders who may be subject to special tax rules, such as banks, insurance companies, tax exempt organisations, superannuation funds, dealers in securities, Scheme Shareholders who hold their Onthehouse Shares on behalf of another person, Scheme Shareholders who acquired their Onthehouse Shares as part of an employee share scheme, Scheme Shareholders who are subject to the Taxation of Financial Arrangements (TOFA) rules under Division 230 of the *Income Tax Assessment Act 1997* (Cth), or Scheme Shareholders who hold their Onthehouse Shares on revenue account or as trading stock. For Scheme Shareholders who are non-residents of Australia for tax purposes, it is assumed that the Onthehouse Shares are not held and have never been held, as an asset of a permanent establishment of that Scheme Shareholder in Australia.

This outline does not constitute tax advice. Each Scheme Shareholder should consult with their own tax advisor regarding the consequences of acquiring, holding or disposing of their Onthehouse Shares. The information in this document does not constitute "financial product advice" within the meaning of the Corporations Act. Gilbert + Tobin is not licensed to provide financial product advice under the Corporations Act. To the extent that this document contains any information about a "financial product" within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product. This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider taking advice from a person who is licensed to provide financial product advice under the Corporations Act. Any recipient should, before acting on this material, also consider the appropriateness of this material having regard to their objectives, financial situation and needs, and consider obtaining independent financial and tax advice.

6.2 Taxation on the disposal of Onthehouse Shares

Should the Scheme be approved as outlined in this Scheme Booklet, you will be treated as having disposed of your Onthehouse Shares for Australian income tax purposes on the Implementation Date.

6.3 Australian resident Scheme Shareholders

You will realise a capital gain in connection with the disposal of an Onthehouse Share to the extent that the amount you receive, or will receive, for the disposal of that Onthehouse Share is more than the cost base of that Onthehouse Share.

You will realise a capital loss to the extent that the amount you receive, or will receive, is less than the reduced cost base of the Onthehouse Share. Capital losses can usually only be offset against capital gains you realise in the same income year or in later income years (subject to the Scheme Shareholder, in some cases, satisfying certain rules relating to the recoupment of carried forward losses).

As a general proposition, the cost base of an Onthehouse Share should be the total amount you paid for the Onthehouse Share, your acquisition costs and other costs relating to the holding and disposal of the Onthehouse Share, to the extent to which you have not claimed an income tax deduction for such costs. The reduced cost base of an Onthehouse Share is usually determined in a similar, but not identical, manner. There are a number of circumstances which may result in your cost base or reduced cost base being calculated in a different manner to that outlined in this section. We recommend that you consult your tax advisor to confirm the cost base or reduced cost base of your Onthehouse Shares.

Any net capital gain should be included in your assessable income for that income year. Broadly, your net capital gain in respect of an income year will be calculated by aggregating all of your capital gains realised in that income year and reducing that amount by any capital losses realised in that income year and any available net capital losses from prior years.

Australian resident Scheme Shareholders, who are individuals, trusts or complying superannuation funds may be eligible for discount capital gains treatment in respect of a taxable capital gain realised on the disposal of their Onthehouse Share if they have held that Onthehouse Share for at least 12 months (excluding the date of acquisition or day of disposal). The CGT discount factor is 50% for individuals and trustees and 33 $\frac{1}{3}$ % for complying superannuation funds. For trustees, the ultimate availability of the discount for beneficiaries of the trusts will depend on the particular circumstances of the beneficiaries. When calculating a discount capital gain, the capital gain should initially be reduced by any other capital losses of the Scheme Shareholder. If a capital gain remains after utilising any available capital losses, it may be reduced by the discount factor. Companies are not eligible for discount capital gains treatment.

These comments will not apply to you if you buy and sell shares in the ordinary course of business, or if you acquired the shares for resale at a profit. In those cases, any gain is generally taxed as ordinary income.

6.4 Non-resident Scheme Shareholders

If you are not a resident of Australia for income tax purposes, you will generally not have to pay Australian income tax on any capital gain when you dispose of your Onthehouse Shares, unless both of the following requirements are satisfied:

- (a) you hold a “non-portfolio interest” in Onthehouse; and
- (b) the Onthehouse Shares pass the “principal asset test”.

If either element is absent, any capital gain made on the disposal of your Onthehouse Shares should not be subject to income tax in Australia.

You will hold a “non-portfolio interest” in Onthehouse if you, together with your Associates, own, or owned, throughout a 12-month period during the two years preceding the sale of your Onthehouse Shares, 10% or more of, broadly, all of the Onthehouse Shares.

Broadly, the Onthehouse Shares would pass the “principal asset test” if the market value of Onthehouse’s direct and indirect interests in Australian land, including leases, is more

than the market value of its other assets at the time the Scheme is implemented. Detailed calculations are necessary to determine the results of the “principal asset test”.

If you hold a “non-portfolio interest” in Onthehouse, you may be required to make a declaration that your Onthehouse Shares are not an indirect Australian real property interest.

You should seek advice from your tax advisor as to the taxation implications of the Scheme being implemented in your country of residence.

6.5 Stamp Duty

You will not be liable for any stamp duty payable on the transfer of Onthehouse Shares pursuant to the Scheme.

7 Additional information

7.1 Due diligence processes

The Consortium Members and Onthehouse entered into the Scheme Implementation Deed on 5 July 2016, following certain Consortium Members conducting due diligence on the Onthehouse Group. The due diligence conducted by the Consortium involved both a review of confidential information and documents as well as interviews with management. The due diligence was conducted pursuant to a confidentiality deed.

The Independent Expert has had access to Onthehouse's confidential information, including the information that was provided to the Consortium for the purpose of its due diligence. The Independent Expert has also conducted interviews with certain members of Onthehouse's management team.

Onthehouse is not aware of any information about Onthehouse that is material to a decision by an Onthehouse Shareholder on how to vote in relation to the Scheme and which:

- (a) has not been made available to the Independent Expert in the manner referred to above for the purpose of preparing the Independent Expert's Report;
- (b) is not set out or referred to in this Scheme Booklet; or
- (c) has not otherwise been made available publicly by Onthehouse.

7.2 Onthehouse Options held by Onthehouse Directors

As discussed in section 2.8, Onthehouse has received executed Option Cancellation Letters from each Optionholder pursuant to which each such Optionholder will, if the Scheme becomes Effective, receive cash consideration for the cancellation of their Onthehouse Options in accordance with the Black-Scholes option valuation methodology set out in section 2.8.

The Onthehouse Directors and the number of Onthehouse Options in which they have a Relevant Interest as at the date of this Scheme Booklet are set out in the following table:

Onthehouse Director	Number of Onthehouse Options	Total cancellation consideration
Tony Scotton	300,000	\$91,405.00
Michael Dempsey (through 77VSV)	250,000	\$84,150.00
Daniel Dempsey	250,000	\$84,150.00
Angus Johnson	250,000	\$84,150.00
Lisa Hickson	250,000	\$84,150.00

7.3 Interests in Consortium Members held by Onthehouse Directors

Two of the Onthehouse Directors, Michael Dempsey and Daniel Dempsey are affiliated with 77VSV and Sandrift (both of which are Consortium Members). Further information in relation to those Onthehouse Director's interests in 77VSV and Sandrift can be found in sections 4.1(b) and 4.1(c) respectively.

Other than the above, no Onthehouse Director holds any interest in a Consortium Member.

7.4 Interests held by Onthehouse Directors in contracts entered into by Consortium Members

Other than as disclosed in section 4.5 in relation to Michael Dempsey and Daniel Dempsey, no Onthehouse Director has an interest in any contract entered into by a Consortium Member.

7.5 Other interests of Onthehouse Directors

No Onthehouse Director has any other interest, whether as a director, member or creditor of Onthehouse or otherwise, which is material to the Scheme, other than in their capacity as a holder of Onthehouse Shares, as set out in section 3.7, or Onthehouse Options, as set out in section 7.2 above.

7.6 Agreements or arrangements with Onthehouse Directors

Other than as disclosed in sections 4.5 and 7.2, there is no agreement or arrangement made between any Onthehouse Director and any other person, including the Consortium Members and their Associates, in connection with or conditional upon the outcome of the Scheme.

7.7 Payments and other benefits to Onthehouse Directors, secretaries or executive officers of Onthehouse

No payment or other benefit is proposed to be made or given to an Onthehouse Director, secretary or executive officer of Onthehouse as compensation for loss of, or as consideration for or in connection with their retirement from, office in Onthehouse as a result of the Scheme other than as disclosed in this section 7.7.

On 5 July 2016, the Independent Directors approved the payment by Onthehouse of retention bonuses in the amount of \$100,000 to:

- (a) Mr Chris Meehan, the Chief Executive Officer; and
- (b) Ms Emily Santucci, the Chief Financial Officer,

to be paid in two instalments of \$50,000. The retention bonuses are intended to ensure the continued sound operation of Onthehouse's business up to and after implementation of the Scheme and are not contingent on either the success or failure of the Scheme.

7.8 Top 20 Onthehouse Shareholders

As at the Last Practicable Date, the top 20 Onthehouse Shareholders in the Register held approximately 70.62% of all issued Onthehouse Shares.

Onthehouse Shareholders		Fully paid number	Percentage
1	Asgard Capital Management Ltd <1114574 77 VICTORIA ST A/C>	15,837,745	19.17%
2	DCM Bluelake Partners Pty Ltd (Group)	7,000,000	8.47%
	DCM Bluelake Partners Pty Ltd	5,500,000	6.66%
	Mr Daniel Baron Droga and Mrs Lyndell Droga <DROGA FAMILY	1,500,000	1.82%

Onthehouse Shareholders		Fully paid number	Percentage
	SUPER FUND A/C>		
3	AWJ Family Pty Ltd <ANGUS W JOHNSON FAMILY A/C> (Group)	5,941,743	7.19%
	AWJ Family Pty Ltd <ANGUS W JOHNSON FAMILY A/C>	4,741,743	5.74%
	AWJ Family Pty Ltd	1,000,000	1.21%
	Mr Angus William Johnson and Mrs Lindy Johnson <DENA SUPER FUND A/C>	200,000	0.24%
4	National Nominees Limited (Group)	5,917,018	7.16%
	One Managed INVT Funds Ltd <SANDON CAPITAL INV LTD A/C>	4,320,170	5.23%
	National Nominees Limited	1,596,848	1.93%
5	UBS Nominees Pty Ltd	5,842,264	7.07%
6	Reverse Corp Limited	3,143,000	3.80%
7	Jalinsons Pty Ltd <JPW Super Fund No 2 A/C>	2,294,370	2.78%
8	Rocket Science Pty Ltd <THE TROJAN CAPITAL FUND A/C>	1,914,702	2.32%
9	Candyblossom Pty Ltd <MIRIMIN INVESTMENTS A/C>	1,845,000	2.23%
10	HSBC Custody Nominees (Australia) Limited	1,137,525	1.38%
11	Talbross Pty Ltd <HERAGHTY SUPERANNUATION A/C>	1,000,000	1.21%
12	Citicorp Nominees Pty Ltd	949,755	1.15%
13	Klip Pty Ltd <BEIRNE SUPER FUND A/C>	850,000	1.03%
14	St Hedwig Village	800,000	0.97%
15	Arredo Pty Ltd	800,000	0.97%
16	Quixley Finance Pty Limited	738,854	0.89%
17	Beirne Trading Pty Ltd	722,301	0.87%
18	AWIC Pty Ltd	600,000	0.73%
19	Harvest Lane Asset Management Pty Ltd <TAX EFFECTIVE FUND A/C>	512,218	0.62%
20	AAG Finance Pty Ltd	505,000	0.61%

7.9 ASX Waiver

Onthehouse has applied to the ASX for, and received, a standard waiver of Listing Rule 6.23.2 to permit Onthehouse to cancel the Onthehouse Options in the manner described above in section 2.8.

7.10 ASIC relief

Under the Corporations Act, Onthehouse is required to send its shareholders a copy of its annual report by 31 October 2016 and is required to hold its annual general meeting by 30 November 2016.

If the Scheme is implemented as expected on Thursday 3 November 2016, you should be aware that Onthehouse has sought ASIC relief so that it does not need to:

- (a) send to you a copy of its annual report as you will no longer be an Onthehouse Shareholder upon implementation of the Scheme; or
- (b) hold an annual general meeting as you will no longer be an Onthehouse Shareholder and Onthehouse will no longer be required under the Corporations Act to hold an annual general meeting.

7.11 Court Approval of Scheme

If the Court approves the Scheme, Onthehouse will immediately notify Onthehouse Shareholders via its website (<http://shareholders.onthehouse.com.au>) and the ASX.

7.12 Consents

- (a) The following parties have given, and have not withdrawn before the date of this Scheme Booklet, their consent to be named in this Scheme Booklet in the form and context in which they are named:
 - (i) Boardroom Pty Limited as the manager of the Registry;
 - (ii) Lonergan Edwards & Associates Limited as the Independent Expert;
 - (iii) Gilbert + Tobin as legal advisor to Onthehouse in relation to the Scheme;
 - (iv) PIQ1, as a Consortium Member in respect of the Scheme;
 - (v) MCHPL, as a Consortium Member in respect of the Scheme;
 - (vi) 77VSV, as a Consortium Member in respect of the Scheme;
 - (vii) Sandrift, as a Consortium Member in respect of the Scheme, and Vistra Trust as the holder of all the ordinary shares in Sandrift;
 - (viii) RP Data, in the context in which it is referred to in sections 4.1, 4.2, 4.4 and 4.5; and
 - (ix) MIML, as the holder of certain Onthehouse Shares (as described in section 4.2(a)).
- (b) The Independent Expert has given and has not withdrawn its consent to the inclusion of the Independent Expert's Report in Attachment D to this Scheme Booklet and to the references to the Independent Expert's Report in this Scheme Booklet being made in the form and context in which each such reference is included.
- (c) the Consortium has given and has not withdrawn its consent in relation to the inclusion of the Consortium Information in this Scheme Booklet in the form and context in which that information is included.
- (d) Gilbert + Tobin has given and has not withdrawn its consent to the inclusion of the taxation implications for Scheme Shareholders set out in section 6 of this Scheme Booklet in the form and context in which that information is included.
- (e) Each person named in this section 7.12:
 - (i) has not authorised or caused the issue of this Scheme Booklet;

- (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than as specified in this section 7.12; and
- (iii) 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 Scheme Booklet, other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this section 7.12.

7.13 Documents available

An electronic version of this Scheme Booklet including the Independent Expert's Report and the Scheme Implementation Deed are available for viewing and downloading online at Onthehouse's website at <http://shareholders.onthehouse.com.au>.

7.14 Continuous disclosure

Onthehouse is required to lodge various documents with ASIC. Additionally, Onthehouse has an obligation (subject to limited exceptions) to lodge a document with the ASX as soon as practicable after becoming aware of any information that is not generally available and which a reasonable person would expect to have a material effect on the price or value of Onthehouse Shares.

Copies of documents lodged with ASIC in relation to Onthehouse may be obtained from, or downloaded from <https://asicconnect.asic.gov.au/>. Onthehouse's 2015 Annual Financial Report (being Onthehouse's annual financial report for the year ended 30 June 2015) is available on Onthehouse's website at shareholders.onthehouse.com.au.

Onthehouse may also make copies of the 2015 Annual Report available, free of charge, to Onthehouse Shareholders. Requests can be made by email to shareholders@onthehouse.com.au.

7.15 Supplementary information

If Onthehouse becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration with ASIC and the Second Court Date:

- a material statement in this Scheme Booklet is false or misleading;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if known about at the date of lodgement with ASIC,

depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Onthehouse may circulate and publish any supplementary document by:

- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Onthehouse Shareholders at their registered address as shown in the Register (as applicable); or

- posting a statement on Onthehouse's website at <http://shareholders.onthehouse.com.au>, as Onthehouse in its absolute discretion considers appropriate.

7.16 Other

(a) Lodgement of Scheme Booklet with ASIC

This Scheme Booklet was lodged with ASIC on Friday 5 August 2016 in accordance with section 411(2)(b) of the Corporations Act.

(b) Other material information

Otherwise than as contained or referred to in this Scheme Booklet, including the Independent Expert's Report and the information that is contained in the Attachments to this Scheme Booklet, there is no other information that is material to the making of a decision by an Onthehouse Shareholder whether or not to vote in favour of the Scheme Resolution to approve the Scheme, being information that is known to any Onthehouse Director and which has not previously been disclosed to Onthehouse Shareholders.

8 Glossary

In this Scheme Booklet unless the context otherwise requires:

77VSV	77 Victoria Street Venture Pty Ltd (ACN 145 769 866) in its capacity as trustee for 77 VSV Trust.
77VSV Trust	77 Victoria Street Trust.
\$	Australian dollars unless otherwise stated.
ACCC	the Australian Competition and Consumer Commission.
ADI	authorised deposit-taking institution.
APRA	the Australian Prudential Regulation Authority.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning given in section 12 of the Corporations Act and Associated has an equivalent meaning.
ASX	ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.
Boardroom	Boardroom Pty Limited (ACN 003 209 836).
Business Day	a business day as defined in the Listing Rules.
CGT	capital gains tax.
CHESS	Clearing House Electronic Subregister System which provides for electronic security transfers in Australia.
COD Business	a consumer online division, which consisted of: <ul style="list-style-type: none">• a real estate portal (onthehouse.com.au);• a real estate advertising network (The Ad Network); and• a property data business (Residex).
COD Disposal	the disposal by Onthehouse to RP Data of all of the issued shares in OTH Web & Data Group Pty Ltd (ACN 607 218 306), the entity and holding company of entities through which Onthehouse operated the COD Business.
Competing Proposal	any proposal, offer or transaction by a Third Party (who is not a Consortium Member or any of their Related Bodies Corporate and whether alone or together with one or more other Third Parties) that, if completed, would mean: <ul style="list-style-type: none">• a person would acquire a Relevant Interest or voting power in 20% or more of Onthehouse Shares or securities of a member of the Onthehouse Group;

	<ul style="list-style-type: none"> • a person would enter into any synthetic, economic or derivative transaction connected with or relating to 20% or more of the Shares or of the securities of a member of the Onthehouse Group; • a person would directly or indirectly acquire or obtain an interest (including an economic interest) in all or a substantial part or material part of the business conducted by, or assets or property of, Onthehouse or any member of the Onthehouse Group; • a person would acquire Control of Onthehouse or any member of the Onthehouse Group; • a person may otherwise acquire, or merge with, Onthehouse or any member of the Onthehouse Group (including by way of takeover bid, scheme of arrangement, capital reduction, buy-back, sale of assets, sale of securities, strategic alliance, dual listed company structure, joint venture or partnership); or • Onthehouse will issue, 20% or more of its capital as consideration for the assets or share capital or another person, or any proposal by Onthehouse to implement any reorganisation of capital or any proposal, offer or transaction that is similar in structure to, or that would be reasonably regarded as being an alternative proposal to, the Scheme.
Conditions Precedent	the conditions set out in clause 3.1 of the Scheme Implementation Deed and summarised in section 2.3 of this Scheme Booklet.
Consortium	the consortium of investors, being PIQ1, MCHPL, 77VSV and Sandrift.
Consortium Agreement	the agreement of that name between the Consortium Members, RP Data, MBL and PropertyIQ dated 5 July 2016.
Consortium Information	the information contained in section 4, and under the headings “Who are the Consortium?” on page 17 and “How are the Consortium Members funding the Scheme Consideration?” on page 20 of this Scheme Booklet.
Consortium Members	PIQ1, MCHPL, 77VSV and Sandrift.
Control	has the meaning given in section 50AA of the Corporations Act.
Controlled Entity	in respect of a party, an entity that party Controls.
CoreLogic Australia Holdings	CoreLogic Australia Holdings Pty Limited (ACN 150 637 406).
CoreLogic Group	the group of companies of which CoreLogic, Inc. is the ultimate parent company.
CoreLogic, Inc.	CoreLogic, Inc., a Delaware (USA) corporation (NYSE: CLGX).
Corporations Act	the <i>Corporations Act 2001</i> (Cth), as amended from time to time.
Court	the Federal Court of Australia.

Deed Poll	the deed poll in the form of Attachment C to this Scheme Booklet, executed by the Consortium in favour of Scheme Shareholders.
Effective	the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.
EGM	the extraordinary general meeting to consider the EGM Resolution scheduled to be held at 10:00am (Brisbane time) on Wednesday 12 October 2016.
EGM Resolution	the resolution to be put to Onthehouse Shareholders at the EGM for the approval of the COD Disposal.
End Date	16 January 2017 or such other date and time agreed in writing between Onthehouse and the Consortium.
Excluded Share	an Onthehouse Share legally held by or on behalf of the Excluded Shareholder.
Excluded Shareholder	77VSV.
Exclusivity and Standstill Agreement	the agreement of that name entered into by PIQ1, 77VSV and RP Data on 21 December 2015.
Exclusivity Period	<p>from the date of the Scheme Implementation Deed (being 5 July 2016) until the earlier of:</p> <ul style="list-style-type: none"> • 16 January 2017 (or such other date and time agreed in writing between Onthehouse and the Consortium Members); • the Effective Date; and • the date the Scheme Implementation Deed is terminated in accordance with its terms.
Fiduciary Out	a fiduciary exception in relation to the directors' fiduciary and statutory obligations in clause 13.7 of the Scheme Implementation Deed.
Government Agency	means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
Headcount Test	more than 50% of Onthehouse Shareholders present and voting at the Scheme Meeting (whether in person, by proxy, by attorney or, in the case of corporate Onthehouse Shareholders, by a corporate representative).
Implementation Date	the fifth Business Day after the Scheme Record Date or such other date after the Scheme Record Date agreed to in writing by Onthehouse and the Consortium.

Independent Directors	Tony Scotton, Angus Johnson and Lisa Hickson.
Independent Expert	Lonergan Edwards & Associates Limited (ACN 095 445 560), which has been engaged by Onthehouse to give an opinion on whether the Scheme is in the best interests of Onthehouse Shareholders.
Independent Expert's Report	the report prepared and issued by the Independent Expert in respect of the Scheme, a copy of which is set out in Attachment D to this Scheme Booklet.
Insolvency Event	has the meaning given to it in clause 1.1 of the Scheme Implementation Deed.
Last Practicable Date	2 September 2016.
Listing Rules	the official listing rules of ASX as amended from time to time.
Lonergan Edwards	Lonergan Edwards & Associates Limited (ACN 095 445 560).
MCHPL	Macquarie Corporate Holdings Pty Ltd (ACN 096 705 109).
Macquarie Bank Limited or MBL	Macquarie Bank Limited (ACN 008 583 542).
Macquarie Group Limited or MQG	Macquarie Group Limited (ACN 122 169 279) (ASX: MQG).
Macquarie Group	Macquarie Group Limited and its related bodies corporate.
Macquarie Restricted Businesses	in respect of Macquarie Group, the Macquarie Capital operating group and the Banking and Financial Services operating group (other than those parts of the Banking and Financial Services operating group that undertake specified activities on behalf of clients in the ordinary course of their financial services business).
Meeting Record Date	7:00pm (Sydney time) on Monday 10 October 2016.
MIML	Macquarie Investment Management Ltd (ACN 002 867 003).
MVP	minimum viable product.
Notice of Scheme Meeting	the notice of meeting relating to the Scheme Meeting to be held on Wednesday 12 October 2016 which is contained in Attachment A.
Onthehouse	Onthehouse Holdings Limited (ACN 150 139 781).
Onthehouse Board	the board of Onthehouse as constituted from time to time.
Onthehouse Director	a director of Onthehouse as at the date of this Scheme Booklet.
Onthehouse Group	Onthehouse and its Controlled Entities.
Onthehouse Share	an issued fully paid ordinary share in the capital of Onthehouse.
Onthehouse Shareholders	each person who is registered in the Register as the holder of Onthehouse Shares.

Onthehouse Options	options issued by Onthehouse to subscribe for Onthehouse Shares.
Option Cancellation Letters	letters pursuant to which each Optionholder irrevocably agreed, subject to the Scheme becoming Effective, to the cancellation of all of its Onthehouse Options in return for payment by Onthehouse of cash consideration.
Optionholder	the holder of Onthehouse Options.
OTH Material Adverse Change	has the meaning given in clause 1.1 of the Scheme Implementation Deed.
OTH Prescribed Occurrence	has the meaning given in clause 1.1 of the Scheme Implementation Deed.
PIQ1	PIQ1 Pty Ltd (ACN 608 629 509).
PropertyIQ	PropertyIQ Pty Limited (ACN 603 672 975).
PropertyIQ Acquisition Agreement	has the meaning given to it in section 4.5(b)(i) of this Scheme Booklet.
Register	the register of Onthehouse Shareholders kept by Onthehouse and maintained in accordance with the Corporations Act.
Registry	the manager of the Register from time to time (currently Boardroom Pty Limited (ACN 003 209 836)).
Reimbursement Fee	\$720,000.
Related Body Corporate	of a person, means a related body corporate of that person under section 50 of the Corporations Act and includes any body corporate that would be a related body corporate if section 48(2) of the Corporations Act was omitted.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Representatives	has the meaning given in clause 1.1 of the Scheme Implementation Deed.
Requisite Majorities	<p>the threshold for approval of the Scheme Resolution set out in section 2.5(b) of this Scheme Booklet, being votes in favour of the resolution received from:</p> <ul style="list-style-type: none"> • more than 50% of Onthehouse Shareholders (other than the Excluded Shareholder) present and voting at the Scheme Meeting (whether in person, by proxy, by attorney or, in the case of corporate Onthehouse Shareholders, by a corporate representative); and • at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting.
RP Data	RP Data Pty Ltd (ACN 087 759 171).
RP Office Acquisition Agreement	has the meaning given to it in section 4.5(b)(ii) of this Scheme Booklet.

RP Office Business	has the meaning given to it in section 4.5(b)(ii) of this Scheme Booklet.
Sandrift	Sandrift Pte Limited (UEN 201618249M).
Scheme	a members' scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Onthehouse and the Scheme Shareholders in respect of all Scheme Shares, in the form of Attachment B to this Scheme Booklet, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by the Consortium and Onthehouse.
Scheme Booklet	this scheme booklet in relation to the Scheme.
Scheme Consideration	\$0.85 for each Scheme Share held by a Scheme Shareholder on the Scheme Record Date.
Scheme Implementation Deed	the Scheme Implementation Deed executed on 5 July 2016 between Onthehouse and the Consortium as amended on 6 and 8 September 2016.
Scheme Meeting	the meeting of Onthehouse Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Meeting Proxy Form	the proxy form for the Scheme Meeting which accompanies this Scheme Booklet.
Scheme Record Date	7:00pm (Sydney time) on Thursday 27 October 2016, the fifth Business Day after the Effective Date.
Scheme Resolution	a resolution of Onthehouse Shareholders to approve the Scheme, the form of which is set out in the Notice of Scheme Meeting.
Scheme Share	an Onthehouse Share on issue as at the Scheme Record Date other than an Excluded Share.
Scheme Shareholder	a person who holds one or more Scheme Shares on the Scheme Record Date.
Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, the date on which the adjourned application is heard or scheduled to be heard.
Second Court Hearing	the hearing at which the Court considers whether or not to approve the Scheme.
Standstill Period	the period from the date of the Consortium Agreement until the later of: <ul style="list-style-type: none"> • 21 September 2016; • the date that the Scheme Implementation Deed is validly terminated by the Consortium Members or Onthehouse in accordance with its terms; and

	<ul style="list-style-type: none"> the Scheme Implementation Date, <p>or such other period as may be agreed between the Consortium Members.</p>
Superior Proposal	a bona fide Competing Proposal that the Independent Directors unanimously determine, acting in good faith would, if completed substantially in accordance with its terms, be likely to result in a transaction more favourable to Onthehouse Shareholders than the Scheme having regard to all relevant matters including consideration, conditionality, funding, certainty and timing.
Takeovers Panel	the Takeovers Panel constituted under the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
Third Party	any person or entity other than a Consortium Member or a member of the Onthehouse Group.
Tiger Lee	Tiger Lee Pty Ltd (ACN 103 568 985).
Tiger Lee Trust	MPD Discretionary Trust.
Vistra Trust	Vistra Trust (Singapore) Pte Limited.
VWAP	volume weighted average price.

Attachment A Notice of Scheme Meeting

Onthehouse Holdings Limited ACN 150 139 781

Notice is hereby given that by an order of the Federal Court of Australia (**Court**) made on 8 September 2016 pursuant to section 411(1) of the Corporations Act 2001 (Cth) (**Corporations Act**) a meeting of the holders of ordinary shares in Onthehouse Holdings Limited ACN 150 139 781 (**Onthehouse**) which, subject to the passing of the EGM Resolution at the EGM, will be held immediately after the closing of the EGM, which is scheduled to be held on Wednesday 12 October 2016 at 10:00am (Brisbane time), at the offices of Onthehouse at Level 2, 200 Adelaide St, Brisbane, QLD 4000.

The Court has also directed that Mr Angus Johnson act as Chair of the meeting, and failing him, Ms Lisa Hickson, and has directed the Chair to report the result of the meeting to the Court if the resolution is approved.

Business of the meeting – Scheme Resolution

To consider, and if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

“That, pursuant to and in accordance with section 411 of the Corporations Act, the Scheme, the terms of which are contained in and more particularly described in the Scheme Booklet (of which this Notice of Scheme Meeting forms part) is approved (with or without modification as approved by the Court)”.

By Order of the Court

Kim Clark
Company Secretary
[insert date] September 2016

Explanatory Notes

To enable you to make an informed decision on the Scheme Resolution, further information on the Scheme is set out in the Scheme Booklet, of which this Notice of Scheme Meeting forms part. Terms used in this Notice of Scheme Meeting have the same meaning as set out in the Glossary in section 9 of the Scheme Booklet.

These notes should be read in conjunction with the Notice of Scheme Meeting.

Requisite Majorities

In accordance with section 411(4)(a)(ii) of the Corporations Act, the Scheme Resolution must be approved by:

- a majority in number of the holders of Onthehouse Shares (other than the holder of the Excluded Shares) present and voting (either in person, by proxy or attorney or in the case of a corporate holder, by a duly appointed corporate representative) at the Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution.

Entitlement to vote

The Court has ordered that, for the purposes of the Scheme Meeting, Onthehouse Shares will be taken to be held by the persons who are registered as members of Onthehouse as at 7:00pm (Sydney time) on Monday 10 October 2016. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

Methods of Voting

If you are an Onthehouse Shareholder entitled to vote at the Scheme Meeting, you may do so by:

- attending and voting in person;
- appointing one or two proxies to attend and vote on your behalf, using the proxy form that accompanies this Scheme Booklet;

- appointing an attorney to attend and vote on your behalf, using a power of attorney; or
- in the case of a body corporate, appointing a body corporate representative to attend the Scheme Meeting and vote on your behalf, using a certificate of appointment of body corporate representative complying with section 250D of the Corporations Act. The representative must bring to the Scheme Meeting evidence of his or her appointment including any authority under which it is signed.

Jointly held securities

If Onthehouse Shares are jointly held, either one of the joint shareholders is entitled to vote. If more than one joint shareholder votes in respect of jointly held shares, only the vote of the shareholder whose name appears first on the register will be counted.

Corporate shareholders

To vote at the Scheme Meeting (other than by proxy or attorney), a corporation that is an Onthehouse Shareholder must appoint a person to act as its representative. The appointment must comply with section 250D of the Corporations Act. The representative must bring to the Scheme Meeting evidence of his or her appointment including any authority under which it is signed.

Voting by proxy

An Onthehouse Shareholder entitled to attend and vote at the Scheme Meeting is also entitled to vote by proxy. The proxy form is enclosed with the Scheme Booklet. You may appoint not more than two proxies to attend and act for you at the Scheme Meeting. A proxy need not be a holder of Onthehouse Shares. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes.

If you do not instruct your proxy on how to vote, your proxy may vote as he or she see fit at the Scheme Meeting.

Please refer to the enclosed proxy form for instructions on completion and lodgement. Please note that proxy forms must be received at the registered office of Onthehouse or the Registry (whose details are listed below) no less than 48 hours prior to the commencement of the Scheme Meeting.

Voting by Attorney

Powers of attorney must be received by the Registry, or at the registered office, by not later than 10:00am (Brisbane time) on Monday 10 October 2016 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting).

An attorney will be admitted to the Scheme Meeting and given a voting card upon providing at the point of entry to the Scheme Meeting written evidence of their appointment, or their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude an Onthehouse Shareholder from attending in person and voting at the Scheme Meeting if the Onthehouse Shareholder is entitled to attend and vote.

Voting Exclusions

Onthehouse will disregard any votes cast on the resolution by the Excluded Shareholder unless the vote is cast by such person as proxy for a person who is entitled to vote, in accordance with the directions on their proxy form.

Lodgement of proxies and queries

Proxy forms, powers of attorney and authorities should be sent to Onthehouse at the address specified on the enclosed replay paid envelope or to the address specified below:

Address: Boardroom Pty Ltd, PO Box 3993, Sydney NSW 2000; or

Facsimile: + 61 2 9290 9655

Online: <http://www.votingonline.com.au/othscheme2016>

Login to www.votingonline.com.au/othscheme2016 website using the details shown on the proxy form. Select 'Voting' and following the prompts to lodge your vote. To use the online voting facility, Onthehouse Shareholders will need

their "Holder Identifier: (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).

Holders of Onthehouse Shares should contact the Registry at the above address or on (02) 9290 9600 (within Australia) or +61 2 9290 9600 (outside Australia) Monday to Friday between 9:00 am and 5:00 pm (Sydney time) with any queries regarding the number of Onthehouse Shares held, how to vote, and lodgement of proxy forms.

Court approval

If the Scheme Resolution is approved at the Scheme Meeting by the Requisite Majorities, the implementation of the Scheme (with or without modification) will be subject, among other things, to the subsequent approval of the Court.

Attachment B Scheme of Arrangement made under section 411 of the Corporations Act

Onthouse Holdings Limited

Scheme Shareholders

Scheme of Arrangement

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Parties

Onthehouse Holdings Limited ACN 150 139 781 of Level 2, 200 Adelaide Street, Brisbane, Queensland (**OTH**)

Each Scheme Shareholder

Background

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth) between the parties.

Agreed terms

1 Definitions and interpretation

1.1 Definitions

In this Scheme, unless the context requires otherwise:

77VSV	means 77 Victoria Street Venture Pty Ltd (ACN 145 769 866) in its capacity as trustee for 77 Victoria Street Trust of 117 Fernberg Road, Paddington, Queensland.
Acquisition Proportion	means, in relation to each Consortium Member other than 77VSV, the percentage figure equal to the percentage of Scheme Shares which will be transferred to that Consortium Member pursuant to the Scheme, being: (a) in respect of PIQ1, 28.9%%; (b) in respect of MacCap, 45.6%%; and (c) in respect of Sandrift, 25.5%%.
Additional Scheme Shares	has the meaning given in clause 4.2(a)(i)(B).
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ABN 98 008 624 691 or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.
Business Day	means a business day as defined in the ASX Listing

	Rules
CHESS	means the clearing house electronic subregister system of share transfers operated by ASX Settlement Pty Limited ABN 49 008 504 532.
Consortium Members	means PIQ1, MacCap, 77VSV and Sandrift together, and Consortium Member means any one of them.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Court	means the Federal Court of Australia or such other court of competent jurisdiction determined by OTH (after consultation, in good faith, with the Consortium Members).
Deed Poll	means the deed poll dated [insert] executed by PIQ1, MacCap and Sandrift under which each of them covenants in favour of the Scheme Shareholders to perform the actions attributed to it under this Scheme.
Delivery Time	means in relation to the Second Court Date not later than 2 hours before the commencement of the hearing or if the commencement of the hearing is adjourned, the commencement of the adjourned hearing, of the Court to approve this Scheme in accordance with section 411(4)(b) of the Corporations Act.
Effective	means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	means the date on which this Scheme becomes Effective.
End Date	means the 'End Date' determined in accordance with the Scheme Implementation Deed.
Implementation Date	means the fifth Business Day after the Record Date or such other date after the Record Date agreed to in writing between OTH and the Consortium Members.
Listing Rules	means the official listing rules of ASX as amended from time to time.
MacCap	means Macquarie Corporate Holdings Pty Ltd (ACN 096 705 109) of Level 6, 50 Martin Place, Sydney, New South Wales.
OTH Option	means options issued by OTH to subscribe for OTH Shares, the details of which are set out in the OTH Options Side Letter.
OTH Options Side Letter	means the side letter in relation to the OTH Options provided by OTH to the Consortium Members on or about the date of the Scheme Implementation Deed.

OTH Registry	means Boardroom Pty Limited or any replacement provider of share registry services to OTH.
OTH Shareholder	means each person who is registered in the register maintained by OTH under section 168(1) of the Corporations Act as a holder of one or more Shares.
PIQ1	means PIQ1 Pty Ltd ACN 608 629 509 of Level 6, 50 Martin Place, Sydney, New South Wales.
Record Date	means 7.00pm on the fifth Business Day after the Effective Date or such other time and date agreed to in writing between OTH and the Consortium Members.
Registered Address	means, in relation to an OTH Shareholder, the address shown in the Share Register as at the Record Date.
Sandrift	means Sandrift Pte Limited UEN 201618249M of 60, Paya Lebar Road, #08-43, Paya Lebar Square, Singapore 409051.
Scheme	means this scheme of arrangement under Part 5.1 of the Corporations Act between OTH and the Scheme Shareholders in respect of all Scheme Shares, subject to any alterations or conditions agreed between OTH and the Consortium Members and approved by the Court or any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by OTH and the Consortium Members.
Scheme Consideration	means, in respect of each Scheme Share held by a Scheme Shareholder, \$0.85 per Share.
Scheme Implementation Deed	means the scheme implementation deed dated 5 July 2016 between OTH and the Consortium Members (as amended on or about 6 September 2016 and 8 September 2016).
Scheme Meeting	means the meeting of OTH Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Share	means a Share on issue as at the Record Date, other than such Share as is already legally held by or on behalf of a Consortium Member as at the Record Date.
Scheme Shareholder	means a person who holds one or more Scheme Shares.
Second Court Date	means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving this Scheme is heard or

scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard.

Settlement Rules	means the ASX Settlement Operating Rules.
Share	means an issued fully paid ordinary share in the capital of OTH.
Share Register	means the register of members of OTH maintained in accordance with the Corporations Act.
Subsidiary	has the meaning given to that term in section 46 of the Corporations Act.
Trust Account	means an Australian dollar denominated trust account operated by OTH as trustee for the benefit of Scheme Shareholders.

1.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural, and the converse also applies.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- (e) A reference to a clause or schedule is a reference to a clause of or schedule to this Scheme.
- (f) A reference to an agreement or document (including a reference to this Scheme) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Scheme or that other agreement or document, and includes the recitals, schedules and annexures to that agreement or document.
- (g) A reference to a party to this Scheme or an agreement or document includes the party's successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives).
- (h) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (i) A reference to conduct includes an omission, statement or undertaking, whether or not in writing.
- (j) A reference to an agreement includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing, and a

reference to a document includes an agreement (as so defined) in writing and any certificate, notice, instrument and document of any kind.

- (k) A reference to **dollars** and **\$** is to Australian currency.
- (l) All references to time are to Sydney, Australia time.
- (m) Mentioning anything after *includes, including, for example*, or similar expressions, does not limit what else might be included.
- (n) A reference to, an **officer** or subsidiary is to that term as it is defined in the Corporations Act.

1.3 Business Day

Where the day on or by which any act, matter or thing under this Scheme is to be done is not a Business Day, that act, matter or thing must be done on or by the next Business Day.

1.4 Listing requirements included in law

A listing rule or business rule of a financial market will be regarded as a law, and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

2 Preliminary

2.1 OTH

- (a) OTH is a public company limited by shares, registered in Queensland and admitted to the official list of ASX.
- (b) The Shares are officially quoted on ASX as at [insert] and:
 - (i) 82,631,484 Shares were on issue which are officially quoted on ASX; and
 - (ii) 2,897,180 OTH Options were on issue which are not quoted on any financial market.

2.2 Consortium Members

- (a) PIQ1 is a proprietary company limited by shares registered in Victoria, Australia.
- (b) MacCap is a proprietary company limited by shares registered in Queensland, Australia.
- (c) 77VSV is a proprietary company limited by shares registered in Queensland, Australia.
- (d) Sandrift is a private company limited by shares registered in Singapore.

2.3 General

- (a) OTH and the Consortium Members have agreed by executing the Scheme Implementation Deed to implement this Scheme.

- (b) This Scheme attributes actions to PIQ1, MacCap and Sandrift but does not itself impose an obligation on it to perform those actions, as they are not parties to this Scheme. PIQ1, MacCap and Sandrift have agreed, by executing the Deed Poll, to perform the actions attributed to each of them under this Scheme, including in respect of the provision of the Scheme Consideration to the Scheme Shareholders.

2.4 Consequences of this Scheme becoming Effective

If this Scheme becomes Effective:

- (a) PIQ1, MacCap and Sandrift will provide or procure the provision of the Scheme Consideration to Scheme Shareholders in accordance with this Scheme; and
- (b) all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares, will be transferred to PIQ1, MacCap and Sandrift, and OTH will enter PIQ1, MacCap and Sandrift in the Share Register as the holders of the Scheme Shares (in the numbers or proportions set out in clause 4.2(a)) with the result that all of the Shares will become owned by the Consortium Members (and no other person).

3 Conditions

3.1 Scheme conditions

- (a) This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:
 - (i) all the conditions precedent in clause 3.1 of the Scheme Implementation Deed (other than the condition in clause 3.1(e) of the Scheme Implementation Deed (Court approval)) having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed by no later than the Delivery Time on the Second Court Date;
 - (ii) neither the Scheme Implementation Deed nor the Deed Poll having been terminated in accordance with their terms by no later than the Delivery Time on the Second Court Date;
 - (iii) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act;
 - (iv) such other conditions imposed by the Court under section 411(6) of the Corporations Act, as are acceptable to the parties, having been satisfied; and
 - (v) the orders of the Court made under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving the Scheme coming into effect, pursuant to section 411(10) of the Corporations Act, on or before the End Date (or any later date OTH and the Consortium Members agree in writing).

- (b) The satisfaction of the conditions referred to in this clause 3.1 of this document is a condition precedent to the operation of clauses 4.2 and 5.

3.2 Termination of Scheme Implementation Deed

Without limiting rights under the Scheme Implementation Deed, in the event that the Scheme Implementation Deed is terminated in accordance with its terms before the Delivery Time on the Second Court Date, OTH and the Consortium Members are each released from:

- (a) any further obligation to take steps to implement the Scheme; and
- (b) any liability with respect to the Scheme.

3.3 End dates

The Scheme will lapse and be of no further force or effect if the Scheme has not become Effective on or before 16 January 2017, or such other date as OTH and the Consortium Members agree in writing.

4 Implementation

4.1 Lodgement of Court orders

OTH must lodge with ASIC office copies of any Court orders under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving this Scheme as soon as possible and in any event no later than by 5.00pm on the first Business Day after the Court approves this Scheme.

4.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the payment by OTH of the Scheme Consideration in the manner contemplated by clause 5.2(b), the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will (subject only to clause 4.3) be transferred in the following numbers and proportions:
 - (i) to PIQ1:
 - (A) 19,334,342 Scheme Shares; and
 - (B) If after the date of the Scheme Implementation Deed any Shares are issued by OTH (including as a result of an exercise of OTH Options prior to the Record Date) (any such Shares being **Additional Scheme Shares**), such proportion of the Additional Scheme Shares as is equal to PIQ1's Acquisition Proportion, rounded (if necessary) in accordance with clause 4.3;
 - (ii) to MacCap:
 - (A) 30,425,009 Scheme Shares; and

- (B) if any Additional Scheme Shares are issued, such proportion of the Additional Scheme Shares as is equal to MacCap's Acquisition Proportion, rounded (if necessary) in accordance with clause 4.3; and
 - (iii) to Sandrift:
 - (A) 17,034,388 Scheme Shares; and
 - (B) if any Additional Scheme Shares are issued, such proportion of the Additional Scheme Shares as is equal to Sandrift's Acquisition Proportion, rounded (if necessary) in accordance with clause 4.3,
- with each of the transfers to be sourced in the order set out above from Scheme Shareholders in the order that they appear in the OTH Register;
- (b) the transfers of the Scheme Shares described in clause 4.2(a) shall be effected without the need for any further act by any Scheme Shareholder (other than acts performed by OTH or its officers as agent and attorney of the Scheme Shareholders under clause 8.6 or otherwise), by:
 - (i) OTH delivering to each of PIQ1, MacCap and Sandrift a duly completed and executed share transfer form to transfer to it the number Scheme Shares specified in respect of it in clause 4.2(a), executed on behalf of the relevant Scheme Shareholders by OTH; and
 - (ii) each of PIQ1, MacCap and Sandrift duly executing such transfer form and delivering it to OTH for registration; and
 - (c) immediately after receipt of the relevant transfer form in accordance with clause 4.2(b)(ii) OTH must enter, or procure the entry of, the name of PIQ1, MacCap or Sandrift (as applicable) in the Share Register in respect of the Scheme Shares transferred to it in accordance with this Scheme.

4.3 Rounding in relation to Additional Scheme Shares

- (a) If the application of clauses 4.2(a)(i)(B), 4.2(a)(ii)(B) or 4.2(a)(iii)(B) would result in PIQ1, MacCap or Sandrift (as applicable) becoming entitled to be transferred a fraction of an Additional Scheme Share, that fractional entitlement will be rounded down to the nearest whole Additional Scheme Share.
- (b) If the application of clause 4.3(a) would result in any Additional Scheme Shares not being transferred to any of PIQ1, MacCap or Sandrift:
 - (i) the first of those Additional Scheme Shares shall be transferred to PIQ1;
 - (ii) the second of those Additional Scheme Shares (if any) shall be transferred to MacCap; and

- (iii) the third of those Additional Scheme Shares (if any) shall be transferred to Sandrift,

in each case, in accordance with clause 4.2.

5 Scheme Consideration

5.1 Amount of Scheme Consideration

Each Scheme Shareholder is entitled to receive the Scheme Consideration.

5.2 Payment of Scheme Consideration

- (a) Each of PIQ1, MacCap and Sandrift must, by no later than the Business Day before the Implementation Date, deposit in cleared funds into the Trust Account an amount equal to the Scheme Consideration multiplied by the number of Scheme Shares to be transferred to it under clause 4.2(a) (and, if applicable, clause 4.3), such amounts to be held by OTH on trust for the Scheme Shareholders and for the purpose of sending the aggregate Scheme Consideration to the Scheme Shareholders (except that any interest on the amount will be for the account of PIQ1, MacCap and Sandrift, in their Acquisition Proportions).
- (b) On the Implementation Date and subject to funds having been deposited in accordance with clause 5.2(a), OTH must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the Trust Account by doing any of the following at its election:
 - (i) sending (or procuring the OTH Registry to send) it to the Scheme Shareholder's Registered Address by cheque in Australian currency drawn out of the Trust Account; or
 - (ii) depositing (or procuring the OTH Registry to deposit) it into an account with any Australian ADI (as defined in the Corporations Act) notified to OTH (or the OTH Registry) by an appropriate authority from the Scheme Shareholders.
- (c) To the extent that, following satisfaction of OTH's obligations under clause 5.2(b), there is a surplus in the amount held in the Trust Account, that surplus may be paid by OTH to each of PIQ1, MacCap and Sandrift in their Acquisition Proportions.

5.3 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent at the sole discretion of OTH, either to the holder whose name appears first in the Share Register as at the Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme, will be forwarded, at the sole discretion of OTH, either to the holder whose

name appears first in the Share Register as at the Record Date or to the joint holders.

5.4 Fractional entitlements

Where the calculation of the Scheme Consideration to be paid to a Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, that fractional entitlement will be rounded down to the nearest whole cent.

5.5 Unclaimed monies

To the extent that a cheque properly dispatched by or on behalf of the Consortium Members pursuant to this clause 5 is returned to OTH as undelivered, or the cheque is not presented by a Scheme Shareholder earlier than six months after the Implementation Date (**Unclaimed Consideration**):

- (a) OTH must deal with the Unclaimed Consideration in accordance with any applicable unclaimed moneys legislation; and
- (b) subject to OTH complying with its obligations under clause 5.5(a), OTH is discharged from liability to any Scheme Shareholder in respect of the Unclaimed Consideration.

5.6 Order of a court

If:

- (a) written notice is given to OTH (or the Share Registry) of an order or direction made by a court of competent jurisdiction that requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder by OTH in accordance with this clause 5, then OTH may procure that payment is made in accordance with that order or direction; or
- (b) written notice is given to OTH (or the Share Registry) of an order or direction made by a court of competent jurisdiction that prevents OTH from making a payment to any particular Scheme Shareholder in accordance with clause 5.2(b), or such payment is otherwise prohibited by applicable law, OTH may retain an amount equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until such time as payment in accordance with this clause 5 is permitted by that order or direction or otherwise by law,

and the payment or retention by OTH (or the Share Registry) will constitute the full discharge of OTH's obligations under clause 5.2(b) with respect of the amount so paid or retained until, in the case of clause 5.6(b), it is no longer required to be retained.

5.7 Definition of 'sending'

For the purposes of clause 5, the expression **sending** means, in relation to each Scheme Shareholder:

- (a) sending by ordinary pre-paid post or courier to the Registered Address of that Scheme Shareholder as at the Record Date; or
- (b) delivery to the Registered Address of that Scheme Shareholder as at the Record Date by any other means at no cost to the recipient.

6 Dealings in Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Share Register as the holder of the relevant Shares on or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in respect of those dealings are received at the place where the Share Register is kept on or before the Record Date,

and OTH will not accept for registration, nor recognise for any purpose (except a transfer to PIQ1, MacCap or Sandrift under this Scheme and any subsequent transfer by any of the Consortium Members or their respective successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) **(Registration of transfers)** OTH must register registrable transmission applications or transfers of the kind referred to in clause 6.1(b) by or as soon as reasonably practicable after the Record Date (provided that for the avoidance of doubt nothing in this clause 6.2 requires OTH to register a transfer that would result in an OTH Shareholder holding a parcel of Shares that is less than a 'marketable parcel' (as defined in the Settlement Rules)).
- (b) **(No registration after Record Date)** OTH will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Shares received after the Record Date, other than to PIQ1, MacCap or Sandrift in accordance with this Scheme and any subsequent transfer by any of the Consortium Members or their respective successors in title.
- (c) **(Maintenance of Share Register)** For the purpose of determining entitlements to the Scheme Consideration, OTH must maintain the Share Register in accordance with the provisions of this clause until the Scheme Consideration has been delivered to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.

- (d) **(No disposal after Record Date)** From the Record Date until registration of PIQ1, MacCap and Sandrift in respect of all Scheme Shares under clause 4.2, no OTH Shareholder may dispose or otherwise deal with Shares in any way except as set out in this Scheme and any attempt to do so will have no effect and OTH shall be entitled to disregard any such disposal or dealing.
- (e) **(Statements of holding from Record Date)** All statements of holding for Shares will cease to have effect from the Record Date as documents of title in respect of those shares. As from the Record Date, each entry current at that date on the Share Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Shares relating to that entry.
- (f) **(Provision of Scheme Shareholder details)** As soon as practicable after the Record Date and in any event within one Business Day after the Record Date, OTH will ensure that details of the names, Registered Addresses and holdings of Shares for each Scheme Shareholder are available to the Consortium Members in the form they reasonably require.

7 Quotation of Shares

- (a) OTH will apply to ASX to suspend trading on the ASX in Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by the Consortium Members, and only after the transfer of the Scheme Shares has been registered in accordance with clause 4.2(c), OTH will apply:
 - (i) for termination of the official quotation of Shares on ASX; and
 - (ii) to have itself removed from the official list of ASX.

8 General Scheme Provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) OTH may, by its counsel or solicitors, consent on behalf of all persons concerned to those alterations or conditions to which the Consortium Members have consented in writing; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions to which counsel for OTH has consented.

8.2 Binding effect of Scheme

This Scheme binds OTH and all Scheme Shareholders (including those who did not attend the Scheme Meeting, those who did not vote at that meeting, or

voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the constitution of OTH.

8.3 Scheme Shareholders' agreements and acknowledgment

Each Scheme Shareholder:

- (a) agrees to the transfer of their Shares together with all rights and entitlements attaching to those Shares in accordance with this Scheme;
- (b) agrees to any variation, cancellation or modification of the rights attached to their Shares constituted by or resulting from this Scheme;
- (c) agrees to, on the direction of the Consortium Members, destroy any share certificates relating to their Shares; and
- (d) acknowledges and agrees that this Scheme binds OTH and all Scheme Shareholders (including those who did not attend the Scheme Meeting or did not vote at that meeting or voted against this Scheme at that Scheme Meeting).

8.4 Warranties by Scheme Shareholders

- (a) Each Scheme Shareholder is deemed to have warranted to OTH, in its own right and for the benefit of each of PIQ1, MacCap and Sandrift, that as at the Implementation Date:
 - (i) all of its Shares which are transferred to each of PIQ1, MacCap or Sandrift under this Scheme, including any rights and entitlements attaching to those Shares, will, at the time of transfer, be free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any "security interests" within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
 - (ii) all of its Shares which are transferred to PIQ1, MacCap or Sandrift under this Scheme will, on the date on which they are transferred to PIQ1, MacCap or Sandrift, be fully paid;
 - (iii) it has full power and capacity to transfer its Shares to PIQ1, MacCap and Sandrift together with any rights attaching to those shares; and
 - (iv) it has no existing right to be issued any Shares, OTH options, OTH performance tights, OTH convertible notes or any other OTH securities, other than, in the case of any Scheme Shareholder who is also the holder of OTH Options, the right to be issued Shares on the exercise of those OTH Options in accordance with their terms.
- (b) OTH undertakes that it will provide the warranties in clause 8.4(a) to each of PIQ1, MacCap and Sandrift as agent and attorney of each Scheme Shareholder.

8.5 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares transferred under this Scheme will be transferred free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any “security interests” within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
- (b) On and from the Implementation Date, immediately after the payment by OTH of the Scheme Consideration in the manner contemplated in clause 5.2(b), each of PIQ1, MacCap and Sandrift will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by OTH of each of them in the Share Register as the holder of the Scheme Shares.

8.6 Authority given to OTH

- (a) Scheme Shareholders will be deemed to have authorised OTH to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary for or incidental to the implementation of this Scheme, including executing, as agent and attorney of each Scheme Shareholder, a share transfer or transfers in relation to Scheme Shares as contemplated by clause 4.2.
- (b) Each Scheme Shareholder, without the need for any further act, irrevocably appoints OTH and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to this Scheme including, a proper instrument of transfer of its Scheme Shares for the purposes of section 1071B of the Corporations Act which may be a master transfer of all the Scheme Shares.

8.7 Appointment of sole proxy

Immediately after the payment by OTH of the Scheme Consideration in the manner contemplated in clause 5.2(b) until OTH registers the Consortium Members as the holders of all Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed each of PIQ1, MacCap and Sandrift as its attorney and agent (and directed each of them in such capacity) to appoint an agent nominated by them as its sole proxy and, where applicable, corporate representative to attend shareholders’ meetings of OTH, exercise the votes attaching to the Scheme Shares registered in its name and sign any Shareholders’ resolution;
- (b) undertakes not to otherwise attend shareholders’ meetings, exercise the votes attaching to Scheme Shares registered in its name or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than as under clause 8.7(a);

- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as any of PIQ1, MacCap and Sandrift reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.7(a), each of PIQ1, MacCap and Sandrift and any agent nominated by them under clause 8.7(a) may act in the best interests of PIQ1, MacCap and Sandrift as the intended registered holders of the Scheme Shares.

8.8 Instructions and elections

If not prohibited by law, all instructions, notifications or elections by a Scheme Shareholder to OTH binding or deemed binding between the Scheme Shareholder and OTH relating to OTH or Shares (including any email addresses, instructions relating to communications from OTH, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from OTH) will be deemed from the Implementation Date (except to the extent determined otherwise by the Consortium Members in their sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to the Consortium Members until that instruction, notification or election is revoked or amended in writing addressed to the Consortium Members at their registry.

9 General

9.1 Stamp duty

Each of PIQ1, MacCap and Sandrift must pay its Acquisition Proportion stamp duty payable in connection with the transfer of the Scheme Shares to under the Scheme.

9.2 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this document is sent by post to OTH, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at OTH's registered office or at the office of the OTH Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non- receipt of such a notice by any Shareholder may not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.3 Further assurances

- (a) OTH must do anything necessary (including executing agreements and documents) or incidental to give full effect to this Scheme and the transactions contemplated by it.

- (b) Each Scheme Shareholder consents to OTH doing all things necessary or incidental to give full effect to this Scheme and the transactions contemplated by it.

9.4 Governing law and jurisdiction

- (a) This Scheme is governed by the laws of New South Wales.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme.

Attachment C Deed Poll

PIQ1 Pty Ltd

Macquarie Corporate Holdings Pty Ltd

Sandrift Pte Limited

Deed Poll

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Date

6 September 2016

Parties

PIQ1 Pty Ltd ACN 608 629 509 of Level 6, 50 Martin Place, Sydney, New South Wales (PIQ1)

Macquarie Corporate Holdings Pty Ltd ACN 096 705 109 of Level 6, 50 Martin Place, Sydney, New South Wales (**MacCap**)

Sandrift Pte Limited UEN 201618249M of 60, Paya Lebar Road, #08-43, Paya Lebar Square, Singapore 409051 (**Sandrift**)

Background

- A On 5 July 2016, OTH and the Consortium Members entered into a Scheme Implementation Deed to provide for (among other matters) the implementation of the Scheme. On or about 6 September 2016, OTH and the Consortium Members entered into an amendment deed to amend the Scheme Implementation Deed.
- B The effect of the Scheme will be to transfer all Scheme Shares to PIQ1, MapCap and Sandrift in return for the Scheme Consideration.
- C Each of PIQ1, MapCap and Sandrift enters this deed poll to covenant in favour of Scheme Shareholders to:
- (i) perform the actions attributed to it under the Scheme; and
 - (ii) provide that part of the Scheme Consideration which it is required to provide to Scheme Shareholders under the Scheme in accordance with the Scheme.
-

Agreed terms

1 Definitions and interpretation

1.1 Definitions

In this document:

77VSV means 77 Victoria Street Venture Pty Ltd (ACN 145 769 866) in its capacity as trustee for 77 Victoria Street Trust of 117 Fernberg Road, Paddington, Queensland.

Consortium Members	means PIQ1, MacCap, 77VSV and Sandrift together, and Consortium Member means any one of them.
OTH	means Onthehouse Holdings Limited ACN 150 139 781 of Level 2, 200 Adelaide Street, Brisbane, Queensland as trustee for the Scheme Shareholders
Scheme Implementation Deed	means the Scheme Implementation Deed dated 5 July 2016, as amended on or about 6 September 2016, between OTH and the Consortium Members.

1.2 Terms defined in Scheme Implementation Deed

Words and phrases defined in the Scheme Implementation Deed have the same meaning in this deed poll unless the context requires otherwise.

1.3 Incorporation by reference

The provisions of clauses 1.2, 1.3 and 1.4 of the Scheme Implementation Deed form part of this deed poll as if set out at length in this deed poll but with 'deed poll' substituted for 'deed' and with any reference to 'party' being taken to include the Scheme Shareholders.

2 Nature of this deed poll

Each of PIQ1, MacCap and Sandrift agrees that this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not a party to it.

3 Conditions

3.1 Conditions

The obligations of PIQ1, MacCap and Sandrift under clause 4 are subject to the Scheme becoming Effective.

3.2 Termination

Subject to clause 6, this deed poll and the obligations of PIQ1, MacCap and Sandrift will automatically terminate and this deed poll will be of no further force or effect if:

- (a) the Scheme Implementation Deed is terminated in accordance with its terms before the Scheme becomes Effective, or
- (b) the Scheme is not Effective on or before the End Date or any later date as the Court, with the consent of OTH and the Consortium Members, may order.

3.3 Consequences of termination

If this deed poll terminates under clause 3.2, in addition and without prejudice to any other rights, powers or remedies available to them:

- (a) each of PIQ1, MacCap and Sandrift is released from its obligation to further perform this deed poll; and

- (b) each Scheme Shareholder retains the rights they have against each of PIQ1, MacCap and Sandrift in respect of any breach of this deed poll which occurred before it terminated.

4 Performance of obligations

4.1 Generally

Subject to clause 3, each of PIQ1, MacCap and Sandrift undertakes in favour of Scheme Shareholders to:

- (a) perform the actions attributed to it under the Scheme and otherwise comply with the Scheme as if it was a party to the Scheme; and
- (b) comply with its obligations under the Scheme Implementation Deed, in so far as that agreement relates to the Scheme, and do all things necessary or expedient on its part to implement the Scheme.

4.2 Provision of Scheme Consideration

Subject to clause 3, each of PIQ1, MacCap and Sandrift undertakes in favour of each Scheme Shareholder to provide or procure the provision of its proportion of the Scheme Consideration, as determined under clause 5.2(a) of the Scheme, to each Scheme Shareholder in accordance with the terms of the Scheme.

5 Warranties

Each of PIQ1, MacCap and Sandrift represents and warrants to each Scheme Shareholder that:

- (a) **(status)** it is a corporation duly incorporated and validly existing under the laws of the place of its incorporation;
- (b) **(power)** it has the power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) **(corporate authorisations)** it has taken all necessary corporate action to authorise the entry into and performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) **(documents binding)** this deed poll is valid and binding on it and enforceable against it in accordance with its terms;
- (e) **(transactions permitted)** the execution and performance by it of this deed poll and each transaction contemplated by this deed poll did not and will not violate in any respect a provision of:
 - (i) its constitution or other constituent documents; or
 - (ii) any other document which is binding on it or its assets; and
- (f) **(solvency)** it is solvent and no resolutions have been passed nor has any other step been taken or legal action or proceedings commenced or

threatened against it for its winding up, deregistration or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets.

6 Continuing Obligations

6.1 Deed poll irrevocable

This deed poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) each of PIQ1, MacCap and Sandrift having fully performed its obligation under this deed poll; and
- (b) termination of this deed poll under clause 3.2.

6.2 Variation

A provision of this deed poll may not be varied unless:

- (a) before the Second Court Date, the variation is agreed to in writing by OTH; or
- (b) on or after the Second Court Date, the variation is agreed to in writing by OTH and is approved by the Court,

in which event PIQ1, MacCap and Sandrift will enter into a further deed poll in favour of each Scheme Shareholder giving effect to the amendment.

7 Notices

Any notice, demand or other communication (a **Notice**) to PIQ1, MacCap or Sandrift in respect of this deed poll:

- (a) must be in writing and signed by the sender or a person duly authorised by it;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or fax to the address or fax number specified below:

PIQ1

Address: Level 6, 50 Martin Place, Sydney NSW 2000

Facsimile: +61 2 8232 3347

For the attention of: Kirk Kileff / Tim Desmyth

MacCap

Address: Level 4, 50 Martin Place, Sydney NSW 2000

Facsimile: +61 2 8232 3656

For the attention of: Belinda Cooney

with a copy (not constituting notice to: Sandy Mak (sandy.mak@corrs.com.au)

Sandrift

Address: 60, Paya Lebar Road, #08-43, Paya Lebar Square, Singapore 409051

For the attention of: Hugh Darwell, Director – Sandrift Pte. Limited; and

- (c) will be conclusively taken to be duly given or made:
 - (i) in the case of delivery in person, when delivered at the address of the addressee as provided in clause 7(b), unless that delivery is not made on a Business Day, or is made after 5.00pm on a Business Day, in which case that Notice will be deemed to be received at 9.00am on the next Business Day;
 - (ii) in the case of delivery by post, two Business Days after the date of posting (if posted to an address in the same country) or seven Business Days after the date of posting (if posted to an address in another country); and
 - (iii) in the case of fax, at the local time (in the place of receipt of that fax) which then equates to the time at which that fax is sent as shown on the transmission report which is produced by the machine from which that fax is sent and which confirms transmission of that fax in its entirety, unless that local time is not a Business Day, or is after 5.00pm on a Business Day, when that communication will be deemed to be received at 9.00am on the next Business Day.

8 General Provisions

8.1 Liabilities and obligations

Any obligation imposed on or liability of PIQ1, MacCap or Sandrift under this deed poll is an obligation or liability, of the case may be, of PIQ1, MacCap or Sandrift alone and severally, and in no case shall any party to this deed poll have any obligation to discharge, or liability in respect of, any obligation or liability of the other parties.

8.2 Assignment

- (a) The rights and obligations of PIQ1, MacCap, Sandrift and each Scheme Shareholder under this deed poll are personal. They cannot be assigned, charged, encumbered or otherwise dealt with at law or in equity without the prior written consent of OTH, PIQ1, MacCap and Sandrift.

(b) Any purported dealing in contravention of clause 8.2(a) is invalid.

8.3 Cumulative rights

The rights, powers and remedies of PIQ1, MacCap, Sandrift and each Scheme Shareholder under this deed poll are cumulative with and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

8.4 No waiver

A provision of, or a right under, this deed poll may not be waived except in writing signed by the person granting the waiver.

8.5 Stamp duty

Each of PIQ1, MacCap and Sandrift:

- (a) must pay or procure the payment of its Acquisition Proportion of any stamp duty (if any) and any related fines, penalties and interest in respect of the Scheme and this deed poll (including the acquisition or transfer of Scheme Shares pursuant to the Scheme), the performance of this deed poll and each transaction effected by or made under or pursuant to the Scheme and this deed poll; and
- (b) indemnifies and undertakes to keep indemnified each Scheme Shareholder against any liability arising from its failure to comply with clause 8.5(a).

8.6 Further assurances

Each of PIQ1, MacCap and Sandrift will, at its own expense, do all things reasonably required of it to give full effect to this deed poll.

8.7 Governing law and jurisdiction

This deed poll is governed by the laws of New South Wales. In relation to it and related non-contractual matters each of PIQ1, MacCap and Sandrift irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there, and waives any right to object to the venue on any ground.

Executed as a deed poll

The common seal of PIQ1 Pty Ltd
ACN 608 629 509 was affixed in
accordance with its constitution:



A handwritten signature in blue ink, appearing to read "Helen Roberts".

.....
Company Secretary / Director

HELEN ROBERTS

.....
Name of Company Secretary / Director
(print)

A handwritten signature in blue ink, appearing to read "Kirk Kileff".

.....
Director

KIRK KILEFF

.....
Name of Director (print)

Signed, sealed and delivered by)
Macquarie Corporate Holdings Pty)
Limited ACN 096 705 109 by the)
party's attorneys pursuant to power of)
attorney dated 30 June 2016 who state)
that no notice of revocation of the)
power of attorney has been received in)
the presence of:)



Witness

RONA PENFOLD

Name of Witness (print)



Witness

RONA PENFOLD

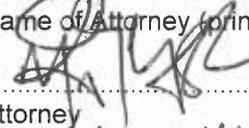
Name of Witness (print)



Attorney

BELINDA COONEY

Name of Attorney (print)



Attorney

Mal McHutchinson

Name of Attorney (print)

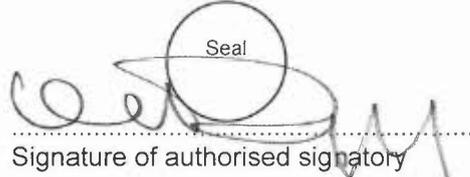
Signed sealed and delivered by)
Sandrift Pte Limited in the presence)
of:



.....
Signature of witness

MARK BRADLEY DOWNIE

.....
Name of witness



.....
Signature of authorised signatory

MICHAEL DEMPSEY

.....
Name of authorised signatory

Attachment D Independent Expert's Report

The Independent Directors
Onthehouse Holdings Limited
Level 2
200 Adelaide Street,
Brisbane QLD 4000

20 August 2016

Subject: Proposed acquisition of Onthehouse Holdings Limited

Dear Independent Directors

Introduction

- 1 On 6 July 2016, Onthehouse Holdings Limited (Onthehouse or the Company) announced that it had entered into a Scheme Implementation Deed (the Deed) with a consortium of investors comprising wholly owned subsidiaries of Macquarie Group Limited (Macquarie Group) and entities affiliated with two directors of the Company (Michael Dempsey and Daniel Dempsey) (together the Consortium)¹, under which certain members of the Consortium would acquire all of the equity in Onthehouse not already owned by members of the Consortium² through a scheme of arrangement for cash consideration of \$0.85 per share (the Scheme Consideration).
- 2 The proposed acquisition of Onthehouse shares by the Consortium is to be implemented via a scheme of arrangement between Onthehouse and its shareholders (the Scheme) and is subject to a number of conditions precedent (as summarised in Section I of our report).
- 3 If the conditions precedent are satisfied or waived and the Scheme is approved by Onthehouse shareholders³ and the Court, Onthehouse shareholders will receive the Scheme Consideration. The proposed transaction values all the shares in Onthehouse (on an undiluted basis) at approximately \$70 million.

¹ The Consortium consists of PIQ1 Pty Ltd and Macquarie Corporate Holdings Pty Ltd, being wholly owned subsidiaries of Macquarie Group, and 77 Victoria Street Venture Pty Ltd in its capacity as trustee for 77 Victoria Street Trust and Sandrift Pte Limited, being entities affiliated with Michael Dempsey and Daniel Dempsey.

² As at 6 July 2016, the members of the Consortium (in aggregate) held a relevant interest in 19.2% of Onthehouse shares.

³ Unless the context requires otherwise, a reference to "Onthehouse shareholders" in this report is a reference to Onthehouse shareholders other than members of the Consortium.

- 4 The Scheme is subject to, amongst other things, the Court convening a meeting of Onthehouse shareholders. Under the *Corporations Act 2001* (Cth) (Corporations Act), the Scheme is approved at that meeting if a resolution in favour of the Scheme is passed by a majority in number of the Onthehouse shareholders present and voting at the Scheme meeting (in person or by proxy), and by 75% of the votes cast on the resolution by Onthehouse shareholders. If this occurs a second Court hearing will be held to approve the Scheme which, if approved, will become binding on all Onthehouse shareholders who hold Onthehouse shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

The Consortium

- 5 As noted above, the Consortium comprises wholly owned subsidiaries of Macquarie Group together with entities affiliated with two directors of the Company, Michael Dempsey and Daniel Dempsey.
- 6 Macquarie Group is a global financial services provider with offices in 28 countries. It is listed in Australia and is regulated by the Australian Prudential Regulation Authority (APRA), the Australian banking regulator, as the owner of Macquarie Bank Limited, an authorised deposit-taking institution (ADI). Macquarie Group's activities are also subject to supervision by various other regulatory agencies around the world. Founded in 1969, Macquarie Group now employs over 14,300 people globally, has total assets of A\$196.8 billion and total equity of A\$15.7 billion as at 31 March 2016.

Purpose of report

- 7 The Independent Directors' recommendation of the Scheme is subject to an independent expert concluding that the Scheme is in the best interests of Onthehouse shareholders, in the absence of a superior proposal.
- 8 Accordingly, the Independent Directors of Onthehouse have requested that Lonergan Edwards & Associates Limited (LEA) prepare an independent expert's report (IER) stating whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Onthehouse shareholders and the reasons for that opinion.
- 9 LEA is independent of Onthehouse and the Consortium and has no other involvement or interest in the Scheme.

Summary of opinion

- 10 In our opinion, the Scheme is fair and reasonable to Onthehouse shareholders and is therefore in the best interests of Onthehouse shareholders in the absence of a superior proposal. We have formed this opinion for the following reasons.

Value of Onthehouse

- 11 We have assessed the value of Onthehouse shares on a 100% controlling interest basis at \$0.65 per share to \$0.75 per share, as shown below:

Value of 100% of Onthehouse		
	Low	High
	\$m	\$m
Enterprise value	54.0	62.0
Surplus assets / net cash	-	-
Cash to be received from exercise of “in the money” options	0.5	1.4
Value of 100% of Onthehouse	54.5	63.4
Fully diluted shares on issue (millions) ⁽¹⁾	83.5	84.8
Value per share (A\$)	\$0.65	\$0.75

Note:

1 Based on 82.6 million shares on issue, plus 0.9 million (low case) to 2.2 million (high case) shares to be issued following the exercise of “in the money” options.

- 12 We have assessed the enterprise value of Onthehouse having regard to both the capitalisation of EBITDA⁴ and EBITA⁵ valuation approaches. We have adopted these approaches on the basis that:
- (a) transaction evidence in the sector is generally expressed in terms of EBITDA multiples
 - (b) EBITA makes specific allowance for on-going software development costs (through software amortisation charges).

Fair and reasonable opinion

- 13 Pursuant to Regulatory Guide 111 – *Content of expert reports* (RG 111) a scheme is “fair” if the value of the scheme consideration is equal to or greater than the value of the securities the subject of the scheme. This comparison for Onthehouse shares is shown below:

Comparison of Scheme Consideration to value of Onthehouse			
	Low	High	Mid-point
	\$ per share	\$ per share	\$ per share
Value of Scheme Consideration	0.85	0.85	0.85
Value of 100% of Onthehouse	0.65	0.75	0.70
Extent to which the Scheme Consideration exceeds the value of Onthehouse	0.20	0.10	0.15

- 14 As the Scheme Consideration exceeds our assessed valuation range for 100% of Onthehouse shares on a standalone basis, in our opinion, the Scheme Consideration is fair to Onthehouse shareholders when assessed based on the guidelines set out in RG 111.
- 15 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Scheme is “reasonable” it must also be “in the best interests” of shareholders, in the absence of a superior proposal.

⁴ Earnings before interest, tax, depreciation and amortisation.

⁵ Earnings before interest, tax and amortisation of acquired intangibles. EBITA is calculated after deducting the amortisation of software development costs previously incurred and capitalised (on the basis that such amortisation is a proxy for on-going software development costs), but prior to any amortisation of acquired intangibles (which is simply an accounting entry in respect of assets which are not expected to have any on-going cash costs).

16 Consequently, in our opinion, the Scheme is also “reasonable” and “in the best interests” of Onthehouse shareholders in the absence of a superior proposal.

Assessment of the Scheme

17 We summarise below the likely advantages and disadvantages of the Scheme for Onthehouse shareholders.

Advantages

18 The Scheme has the following benefits for Onthehouse shareholders:

- (a) the Scheme Consideration of \$0.85 cash per share exceeds our assessed standalone valuation range of Onthehouse shares on a 100% controlling interest basis
- (b) the Scheme Consideration represents a significant premium to the market prices of Onthehouse shares prior to the announcement on 24 December 2015 of the initial approach from the Consortium
- (c) furthermore, the premium exceeds observed premiums generally paid to target company shareholders in comparable circumstances
- (d) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Onthehouse shares is likely to trade at a significant discount to our valuation and the Scheme Consideration (consistent with the portfolio nature of individual shareholdings).

Disadvantages

19 Onthehouse shareholders should note that if the Scheme is approved they will no longer hold an interest in Onthehouse. Onthehouse shareholders will therefore not participate in any future value created by the company as a result of on-going operations over and above that reflected in the Scheme Consideration.

Other matters

20 It should also be noted that the members of the Consortium (who in aggregate hold a 19.2% interest in Onthehouse) will abstain from voting in relation to the Scheme and any votes cast by a member of the Consortium will be disregarded by the Company.

Conclusion

21 Given the above analysis, we consider that the advantages of the Scheme significantly outweigh the disadvantages. This supports our view that the acquisition of Onthehouse shares by the Consortium under the Scheme is reasonable. As outlined further in this report, we also consider that the Scheme is fair.

General

22 In preparing this report we have considered the interests of Onthehouse shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.

- 23 The impact of the Scheme on the tax position of Onthehouse shareholders depends on the individual circumstances of each investor. Onthehouse shareholders should read the Scheme Booklet and consult their own professional advisers if in doubt as to the taxation consequences of the Scheme.
- 24 The ultimate decision whether to approve the Scheme should be based on each Onthehouse shareholder's assessment of their own circumstances. If Onthehouse shareholders are in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice. For our full opinion on the Scheme and the reasoning behind our opinion, we recommend that Onthehouse shareholders read the remainder of our report.

Yours faithfully

Craig Edwards
Authorised Representative

Martin Holt
Authorised Representative

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Appendices

- A Financial Services Guide**
- B Qualifications, declarations and consents**
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I Key terms of the Scheme

Terms

- 25 On 6 July 2016, Onthehouse Holdings Limited (Onthehouse or the Company) announced that it had entered into a Scheme Implementation Deed (the Deed) with a consortium of investors comprising wholly owned subsidiaries of Macquarie Group Limited (Macquarie Group) and entities affiliated with two directors of the Company (Michael Dempsey and Daniel Dempsey) (together the Consortium)⁶, under which certain members of the Consortium would acquire all of the equity in Onthehouse not already owned by members of the Consortium⁷ through a scheme of arrangement for a cash consideration of \$0.85 per share (the Scheme Consideration).
- 26 The proposed acquisition of Onthehouse shares by the Consortium is to be implemented via a scheme of arrangement between Onthehouse and its shareholders (the Scheme) and is subject to a number of conditions precedent as summarised below.
- 27 If the conditions precedent are satisfied or waived and the Scheme is approved by Onthehouse shareholders⁸ and the Court, Onthehouse shareholders will receive the Scheme Consideration.

Conditions

- 28 The Scheme is subject to the satisfaction of a number of conditions precedent outlined in the Deed (which is dated 5 July 2016), including the following:
- (a) no “OTH Prescribed Occurrence” (as defined in clause 1.1 of the Deed) occurs in respect of Onthehouse between 5 July 2016 and the Delivery Time on the Second Court Date
 - (b) no “OTH Material Adverse Change” (as defined in clause 1.1 of the Deed) occurs or becomes apparent between 5 July 2016 and the Delivery Time on the Second Court Date
 - (c) no temporary restraining order, preliminary or permanent injunction, or other order issued by any court of competent jurisdiction, or other material legal restraint or prohibition preventing or delaying the proposed transaction is in effect at the Delivery Time on the Second Court Date
 - (d) the Scheme is approved by Onthehouse shareholders by the majorities required under the Corporations Act at the Scheme meeting
 - (e) the Scheme is approved by the Court in accordance with s411(4)(b) of the Corporations Act either unconditionally or on conditions that do not impose unduly onerous obligations on any party (acting reasonably).

⁶ The Consortium consists of PIQ1 Pty Ltd and Macquarie Corporate Holdings Pty Ltd, being wholly owned subsidiaries of Macquarie Group, and 77 Victoria Street Venture Pty Ltd in its capacity as trustee for 77 Victoria Street Trust and Sandrift Pte Limited, being entities affiliated with Michael Dempsey and Daniel Dempsey.

⁷ As at 6 July 2016, the members of the Consortium (in aggregate) held a relevant interest in 19.2% of Onthehouse shares.

⁸ Unless the context requires otherwise, a reference to “Onthehouse shareholders” in this report is a reference to Onthehouse shareholders other than members of the Consortium.

- 29 In addition, Onthehouse has agreed that up until 16 January 2017 or such other date agreed in writing by the parties to the Deed (being the End Date as set out in clause 1.1 of the Deed) it will:
- (a) not solicit, invite, encourage or initiate any competing transaction
 - (b) not participate in any discussions with or enter into any agreement or understanding with any person in relation to a competing transaction or which may reasonably be expected to lead to a competing transaction
 - (c) not provide any non-public information to a third party for the purposes of enabling that party to table a competing transaction
 - (d) notify the Consortium promptly if it receives any approach, inquiry or proposal which could reasonably be expected to lead to a competing proposal
 - (e) ensure that the notification to the Consortium is accompanied by details of the price and material terms and conditions of the competing proposal, including the identity of the party making the approach, inquiry or proposal
 - (f) not enter into any legally binding agreement with a third party to give effect to a competing proposal or to publicly recommend a competing proposal unless Onthehouse has given the Consortium at least three business days to provide a matching or superior proposal.
- 30 Certain of the exclusivity obligations do not apply if Onthehouse has complied with the various obligations set out in the Deed and the Onthehouse Independent Directors determine:
- (a) the proposed competing transaction is, or may reasonably be expected to lead to a superior proposal; and
 - (b) that compliance with the relevant exclusivity obligations would be likely to constitute a breach of the fiduciary or statutory obligations of the Independent Directors of Onthehouse.
- 31 A break fee of \$0.72 million is payable by Onthehouse to the Consortium in certain circumstances as specified in the Deed.

Resolution

- 32 Onthehouse shareholders will be asked to vote on the Scheme in accordance with the Scheme resolution contained in the relevant notice of meeting accompanying the Scheme Booklet.
- 33 If the Scheme resolution is passed by the requisite majorities, Onthehouse must apply to the Court for orders approving the Scheme, and if that approval is given, lodge the orders with the Australian Securities & Investments Commission (ASIC) and do all things necessary to give effect to the Scheme. Once the Court approves the Scheme it will become binding on all Onthehouse shareholders who hold Onthehouse shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

II Scope of our report

Purpose

- 34 The Scheme is to be effected pursuant to Part 5.1 of the Corporations Act, which governs schemes of arrangement. Part 3 of Schedule 8 of the *Corporations Regulations 2001* (Corporations Regulations) prescribes information to be sent to shareholders in relation to a members' scheme of arrangement pursuant to s411 of the Corporations Act.
- 35 Paragraph 8303 of Schedule 8 of the Corporations Regulations provides that, where the other party to the transaction holds not less than 30% of the voting shares in the company the subject of the scheme, or where a director of the other party to the transaction is also a director of the company the subject of the scheme, the explanatory statement must be accompanied by an IER assessing whether the proposed scheme is in the best interests of shareholders and state reasons for that opinion.
- 36 Michael Dempsey is a director of two entities⁹ who are members of the Consortium and he is also a director of Onthehouse. Accordingly there is a regulatory requirement for an IER. In addition, the Onthehouse Independent Directors' recommendation of the Scheme is subject to an independent expert concluding that the Scheme is in the best interests of Onthehouse shareholders.
- 37 Furthermore, as the Scheme (if approved and implemented) will result in 100% of the securities in Onthehouse being held by the Consortium, RG 111 requires that we provide an opinion on whether the consideration payable under the Scheme is fair and reasonable to the shareholders of Onthehouse.
- 38 The Independent Directors of Onthehouse have therefore requested LEA to prepare an IER stating whether the proposed acquisition of the shares in Onthehouse by the Consortium under the Scheme is fair and reasonable and in the best interests of Onthehouse shareholders and the reasons for that opinion.
- 39 This report has been prepared by LEA for the benefit of Onthehouse shareholders to assist them in considering the resolution to approve the Scheme. Our report will accompany the Scheme Booklet to be sent to Onthehouse shareholders. The sole purpose of our report is to determine whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Onthehouse shareholders.
- 40 The ultimate decision whether to approve the Scheme should be based on each Onthehouse shareholder's assessment of their own circumstances. If in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.

Basis of assessment

- 41 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111.

⁹ Victoria Street Venture Pty Ltd in its capacity as trustee for 77 Victoria Street Trust, and Sandrift Pte Limited.

- 42 RG 111 distinguishes “fair” from “reasonable” and considers:
- (a) a scheme to be fair if the value of the scheme consideration is equal to or greater than the value of the securities that are the subject of the scheme. A comparison must be made assuming 100% ownership of the target company
 - (b) the scheme to be reasonable if it is fair. The scheme may also be reasonable if, despite not being fair, the expert believes that there are sufficient reasons for shareholders to approve the scheme in the absence of a superior proposal.
- 43 There is no legal definition of the expression “in the best interests”. However, RG 111 states that a scheme may be “*in the best interests of the members of the company*” if there are sufficient reasons for shareholders to vote in favour of the scheme in the absence of a higher offer.
- 44 In our opinion, if the Scheme is fair and reasonable under RG 111 it must also be in the best interests of Onthehouse shareholders.
- 45 Our report has therefore considered:
- (a) the market value of 100% of the shares in Onthehouse
 - (b) the value of the consideration offered by the Consortium (i.e. \$0.85 cash per share)
 - (c) the extent to which (a) and (b) differ (in order to assess whether the Scheme is fair under RG 111)
 - (d) the extent to which a control premium is being paid to Onthehouse shareholders
 - (e) the extent to which Onthehouse shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction
 - (f) the prices at which Onthehouse shares traded prior to the announcement of the Scheme
 - (g) the likely market price of Onthehouse shares if the Scheme is not approved
 - (h) the value of Onthehouse to an alternative offeror and the likelihood of a higher alternative offer being made for Onthehouse prior to the date of the Scheme meeting
 - (i) the advantages and disadvantages of the Scheme from the perspective of Onthehouse shareholders
 - (j) other qualitative and strategic issues associated with the Scheme.

Limitations and reliance on information

- 46 Our opinions are based on the economic, sharemarket, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 47 Our report is also based upon financial and other information provided by Onthehouse and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that

the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.

- 48 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Scheme from the perspective of Onthehouse shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.
- 49 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters.
- 50 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of Onthehouse. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 51 In forming our opinion, we have also assumed that:
- (a) the information set out in the Scheme Booklet is complete, accurate and fairly presented in all material respects
 - (b) if the Scheme becomes legally effective, it will be implemented in accordance with the terms set out in the Deed and the terms of the Scheme itself.

III Profile of Onthehouse

Overview

52 Onthehouse is a software provider to the Australian and New Zealand real estate industry. Through its integrated software platform, the Company delivers office administration, client relationship management, property sales and management applications, and other business performance tools for real estate agents and other property clients.

History

53 Onthehouse was founded in 2006 as a real estate content provider which delivered free property information and historical real estate data through its consumer website (www.onthehouse.com.au).

54 In 2011 the Company undertook an initial public offering¹⁰ to raise funds to acquire Console and PortPlus for \$42.4 million and \$15.2 million respectively. The acquisition of these businesses established Onthehouse as a real estate software company and at the time of the acquisitions, Console and PortPlus products were supplied to more than 4,000 real estate agencies in Australia and New Zealand.

55 In addition to the above acquisitions, the Company subsequently acquired an additional two businesses with complementary services to enhance Onthehouse's product offering:

- (a) in early 2011 Onthehouse acquired an initial interest of 10% in Residex Pty Limited (Residex), a real estate information and analytics provider whose products are used by banks and financial institutions. The Company increased its interest in Residex to 50% in August 2011 at a cost of \$3.2 million and acquired the remaining 50% of the business on 20 September 2012 at a cost of \$3.5 million
- (b) on 24 October 2012 Onthehouse acquired The Ad Network Pty Ltd (REAN), a specialist digital real estate advertising network, for an upfront payment of \$0.5 million and deferred consideration of a further \$1.0 million¹¹. The acquisition increased the scale of Onthehouse's media audience and brought in-house established relationships and contracts with target clients and advertisers.

56 During the year ended 30 June 2015, Onthehouse undertook a strategic review which determined that the key strategic priority of the Company should be to focus on the core real estate software business. The strategic review culminated in the sale of Onthehouse's Consumer Online Division (consisting of the consumer website and the Residex and REAN businesses) to RP Data Pty Ltd (RP Data) (a wholly owned subsidiary of CoreLogic Inc.) for a gross contract price of \$3.0 million on 11 May 2016¹².

¹⁰ Onthehouse was listed on the Australian Securities Exchange (ASX) on 3 June 2011.

¹¹ The REAN acquisition also comprised contingent consideration of up to \$1.5 million subject to the achievement of certain EBITDA hurdles.

¹² As concluded by the strategic review, Onthehouse initially sought to find a joint venture partner to assist with the funding requirements of the COD. However on 26 February 2016 the Company announced that it would no longer proceed with the joint venture and would seek to sell the division instead.

Current operations

- 57 Onthehouse historically operated two business segments, being the Consumer Online Division (COD) which centred on the Company's flagship website and included the Residex and REAN businesses, and the Real Estate Solutions Division (RES) which comprised the Company's real estate software business.
- 58 Following the sale of the COD business in May 2016, the Company's current operations consist only of the RES segment (i.e. the continuing operations of Onthehouse), which is discussed in further detail below.

Real Estate Solutions

- 59 RES provides necessary software solutions for real estate agents to effectively manage their real estate operations, as well as other related software solutions for property professionals and financial institutions. As at 30 June 2016, RES supplied its software to approximately 4,000 customers with the largest markets being in Queensland and Victoria. Key customers include real estate franchises such as LJ Hooker, Ray White and other individual real estate agencies.
- 60 RES' current product offering is a subscription based software solution comprising three key branded products, as follows:
- (a) **GatewayLive** – back-office administration software for property management including trust accounting, property portal uploads and coordination of property maintenance and inspection reporting
 - (b) **ClientManager** – software to support Client Relationship Management through property and client matching, e-marketing and appraisal management, as well as other software features to improve the efficiency of real estate operations
 - (c) **WebChoice** – online software solutions that provides templates to assist real estate agents in developing their own websites.
- 61 Onthehouse acquired the GatewayLive software product pursuant to its acquisition of Console in 2011 and it contributes the largest portion of RES' revenue. As at 30 June 2016, more than 80% of Onthehouse's customer base consisted of GatewayLive users. Similarly, the ClientManager and WebChoice software products were acquired in connection with the PortPlus acquisition and notwithstanding a lower customer base (compared to GatewayLive) there is customer overlap between each of Onthehouse's products.

Development of the RES SaaS platform

- 62 Following the strategic review undertaken by the Company in FY15, it was determined that Onthehouse would pursue a strategy that maximises opportunities of the RES business. A key element of this strategy involves rebuilding the RES product offering as a single cloud based real estate Software-as-a-Service (SaaS) platform. The benefits of a cloud based platform are expected to include:
- (a) the ability to win a greater share of the real estate software market
 - (b) a reduction in churn from clients seeking cloud based property management solutions

- (c) improved ability to cross-sell related products
- (d) additional revenue from third party integrations.

63 Development of the new platform began in FY16 and the first beta customers are expected to be onboarded in the middle of FY17. The development is being funded by the cash flows generated by the RES business and is able to be supplemented by a \$5 million funding facility from Westpac Banking Corporation.

Financial performance

64 The financial performance of Onthehouse for the three years ended 30 June 2016 (FY16), excluding the results of discontinued operations (as previously discussed), is set out below:

Onthehouse – statement of financial performance⁽¹⁾			
	FY14	FY15	FY16
	Audited	Audited	Audited
	\$m	\$m	\$m
Revenue	21.2	21.5	21.4
EBITDA before significant items	6.9	7.7	7.7
Depreciation ⁽²⁾	(1.2)	(1.5)	(1.8)
EBITA⁽³⁾ before significant items	5.7	6.2	5.9
Amortisation of acquired intangibles	(2.8)	(2.9)	(2.8)
EBIT⁽⁴⁾ before significant items	2.9	3.3	3.1
Significant items ⁽⁵⁾	(0.4)	(0.1)	(0.4)
Net financial expense	(0.4)	(0.1)	(0.1)
Profit before tax	2.1	3.1	2.6
Income tax benefit ⁽⁶⁾	0.9	1.8	0.4
Profit after tax from continuing operations	3.0	4.9	3.0
Loss from discontinued operations ⁽⁷⁾	(2.6)	(13.6)	(6.1)
Profit after tax attributable to Onthehouse shareholders	0.4	(8.7)	(3.1)
<i>EBITDA margin</i>	32.5%	35.8%	36.0%
<i>EBITA margin</i>	26.9%	28.8%	27.6%
<i>EBIT margin</i>	13.7%	15.3%	14.5%

Note:

- 1 Rounding differences exist.
- 2 Includes amortisation of internally generated software and data.
- 3 Earnings before interest, tax and amortisation of acquired intangibles (EBITA).
- 4 Earnings before interest and tax (EBIT).
- 5 Significant items include transaction costs from potential acquisitions and gains / (losses) on the sale of plant and equipment.
- 6 The income tax benefit reflects the receipt of research and development tax incentives.
- 7 The FY14 financial statements were audited, but the restatement to reflect discontinued operations has not been subject to audit.

65 The key factors that have impacted the financial performance of the continuing operations of Onthehouse in FY14, FY15 and FY16 are summarised below:

Year to 30 June 2014 (FY14)

- revenue increased by 2.9% due to the provision of additional software services to existing customers from cross selling initiatives and an improvement in the yield on its products
- the EBITDA margin before significant items was 32.5% (which was lower than more recent financial periods) due to high levels of corporate costs associated with a larger management team

Year to 30 June 2015 (FY15)

- whilst revenue increased marginally by 1.4% due to an improved yield on a relatively stable number of customers, EBITDA before significant items increased by 15.3% as a result of a reduction in corporate costs (particularly in relation to executive costs)

Year to 30 June 2016 (FY16)

- revenue was broadly consistent with the prior corresponding period as an increase in yield offset a reduction in the number of WebChoice and ClientManager customers
- EBITDA before significant items remained unchanged from the prior corresponding period, however EBITA before significant items declined by 4.8% due to higher amortisation charges associated with increased capitalised software development costs in recent prior periods

Outlook

- Whilst the Company has not provided any specific guidance, we note that based on our discussions with management, the level of revenue and earnings for FY17 is expected to be broadly consistent with FY16.

Financial position

66 The financial position of Onthehouse as at 31 December 2015 and 30 June 2016 is set out below:

Onthehouse – statement of financial position⁽¹⁾		
	31 Dec 15 Reviewed \$m	30 Jun 16 Audited \$m
Debtors and prepayments	3.0	2.4
Creditors, accruals and provisions	(4.2)	(3.9)
Net working capital	(1.2)	(1.5)
Plant and equipment	0.5	0.3
Intangible assets / goodwill	51.2	51.0
Provisions (non-current)	(0.4)	(0.1)
Total funds employed	50.2	49.6
Cash and cash equivalents	0.8	2.1
Interest bearing liabilities	(0.8)	(0.3)
Net cash / (borrowings)	(0.0)	1.8
Net assets attributable to Onthehouse shareholders	50.2	51.4

Note:

1 Rounding differences exist.

Working capital

67 Whilst working capital has been negative for the periods shown above, we note that Onthehouse has sufficient undrawn credit facilities and cash to meet its expected working capital requirements. The Company announced on 26 February 2016 that it had entered into a \$5 million overdraft facility, which currently remains undrawn.

Intangible assets

68 The composition of Onthehouse's intangible assets is set out below:

Onthehouse – intangible assets		
	31 Dec 15	30 Jun 16
	\$m	\$m
Goodwill	39.6	39.6
Software	4.5	5.0
Data	1.3	1.2
Customer contracts and relationships	5.5	4.9
Other	0.3	0.3
Intangible assets	51.2	51.0

69 As indicated above, the intangible assets of Onthehouse mainly comprise goodwill which arose on the acquisition of subsidiaries (primarily Console and PortPlus). Goodwill is allocated to cash generating units (historically being the RES and COD segments) and is tested annually for impairment adopting the value in use method. Impairment testing in FY16 incorporated a pre-tax discount rate of 14.4% for the RES cash generating unit.

70 Following impairment testing procedures in FY15, an impairment charge of \$10.5 million¹³ was recognised against goodwill, software and other intangibles relating to the COD business, which reflected an assumption that a relatively high level of capital expenditure would be required in order to upgrade Onthehouse's consumer website.

71 The balance of intangible assets also includes capitalised expenditure incurred by Onthehouse in relation to the development of its software products. Applicable costs of each software development project are amortised over the period of expected benefit on a straight-line basis. The increase in the carrying value of software intangibles at 30 June 2016 reflects capitalised software development costs associated with the SaaS project.

Net cash

72 A summary of Onthehouse's net cash position is shown below:

Onthehouse – net cash		
	31 Dec 15	30 Jun 16
	\$m	\$m
Cash and cash equivalents	0.8	2.1
Short term debt	(0.6)	(0.2)
Long term debt	(0.2)	(0.1)
Net cash	0.0	1.8

¹³ Consisting of goodwill impairment of \$3.7 million, a write-off of capitalised costs relating to software of \$4.7 million and a write-off of the carrying value in other intangible assets of \$2.1 million.

73 As indicated above, Onthehouse has generally operated with low levels of debt, which reflects the cash generating ability of the RES segment. As at 30 June 2016, debt was comprised of an equipment finance facility from Westpac Banking Corporation.

Share capital and performance

74 As at 22 July 2016, Onthehouse had 82.6 million fully paid ordinary shares on issue. In addition, the Company had 3.1 million options on issue at exercise prices of \$0.55 per share to \$1.00 per share issued under the Company's employee share option plan.

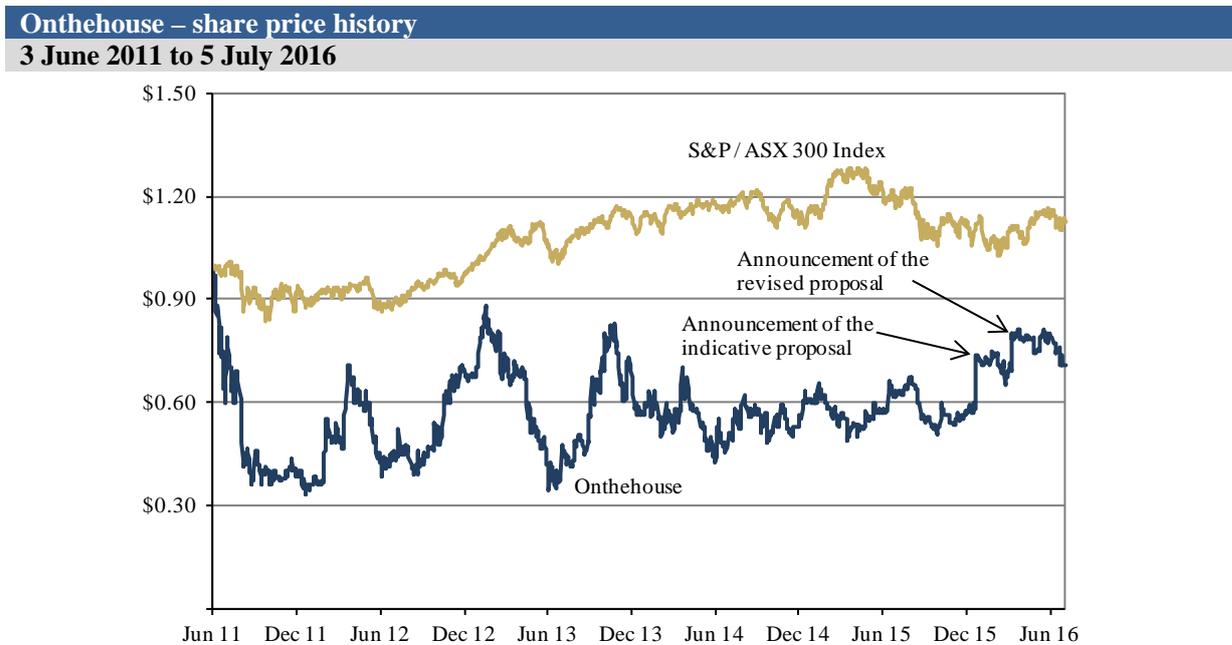
Significant shareholders

75 As at 22 July 2016 the significant shareholders in Onthehouse were as follows:

Onthehouse – significant shareholders		
Shareholder	Shares held	
	Million	% interest
77 Victoria St Venture Pty Ltd	15.9	19.2
Blue Lake Partners Pty Ltd and related entities	12.5	15.1
AWJ Family Pty Ltd as trustee for Angus W Johnson family account and related entities	5.9	7.2
Sandon Capital Pty Ltd and related entities	5.9	7.2
	<u>40.2</u>	<u>48.7</u>

Share price performance

76 The following chart illustrates the movement in the share price of Onthehouse from 3 June 2011¹⁴ to 5 July 2016¹⁵:



¹⁴ Being the date Onthehouse shares began trading on the ASX.

¹⁵ Being the day prior to the announcement of the Scheme.

- 77 As indicated above, Onthehouse shares have underperformed the S&P / ASX 300 Index (Index) since trading began on the ASX on 3 June 2011 and they have not traded above the issue price of \$1.00 per share throughout this period. We note that recent increases in the share price reflect the following:
- (a) on 24 December 2015 the Company announced that it had received an unsolicited, non-binding, conditional and indicative proposal from the Consortium to acquire 100% of the shares in Onthehouse at a price of \$0.755 per share. The indicative proposal was rejected by the Board in January 2016 on the basis that it materially undervalued Onthehouse
 - (b) on 9 March 2016 the Company announced that it had received a revised, non-binding, conditional proposal from the Consortium to acquire 100% of the shares in Onthehouse at a price of \$0.85 per share, following which the Board allowed the Consortium to undertake confirmatory due diligence.

Liquidity in Onthehouse shares

- 78 The liquidity in Onthehouse shares based on trading on the ASX over the 12 month period prior to 6 July 2016¹⁶ is set out below:

Onthehouse – liquidity in shares						
Period	Start date	End date	No of shares traded 000	WANOS⁽¹⁾ outstanding 000	Implied level of liquidity Period⁽²⁾ %	Implied level of liquidity Annual⁽³⁾ %
1 month	06 Jun 16	05 Jul 16	883	82,631	1.1	12.8
3 months	06 Apr 16	05 Jul 16	3,681	82,631	4.5	17.8
6 months	06 Jan 16	05 Jul 16	12,804	82,631	15.5	31.0
1 year	06 Jul 15	05 Jul 16	33,264	82,631	40.3	40.3

Note:

- 1 Weighted average number of shares outstanding (WANOS) during relevant period.
- 2 Number of shares traded during the period divided by WANOS.
- 3 Implied annualised figure based upon implied level of liquidity for the period.

- 79 As indicated above, liquidity in Onthehouse shares declined during the most recent periods preceding the announcement of the Scheme which we have attributed to a combination of shareholders waiting to see whether the Consortium returned with a revised increased offer (as happened in March 2016), together with the existence of several substantial shareholders. We note that prior to the Consortium tabling its indicative proposal on 24 December 2015 turnover in Onthehouse shares was materially higher.

¹⁶ Being the announcement date of the Scheme.

IV Industry overview

Overview

- 80 The Australian real estate software market supports the functioning of real estate agencies by providing them with software solutions to manage their daily business operations. These operations can broadly be split into two main categories as follows:
- (a) **front office operations** – includes client relationship management (CRM), advertising, listings management and sales management
 - (b) **back office operations** – includes trust accounting¹⁷, financial management and other accounting functions.
- 81 Real estate software has typically been provided to customers as a desktop software package under monthly license fee arrangements. However more recently, real estate software solutions have been shifting towards cloud based applications which allow users to access necessary functions from multiple locations¹⁸. This is becoming an increasingly desirable feature for mobile real estate agents. In addition, there has also been a tendency for various software solutions (such as trust accounting and CRM) to be integrated into a single product to resolve the need of real estate agents accessing products from multiple vendors.
- 82 Whilst the current size of the real estate software market in Australia is unclear, Frost & Sullivan estimated that the market size in 2011 (i.e. the year in which Onthehouse was listed on the ASX) was \$90 million¹⁹. The market is characterised as being highly fragmented, comprising a relatively large number of participants of various sizes. Onthehouse is one of the largest participants with respect to estimated market share and is to our knowledge the only publicly listed dedicated real estate software provider in Australia. Other market participants include Rockend, Agentbox, PropertyMe and Palace²⁰.
- 83 We provide below an overview of the Australian residential real estate market and the associated real estate services industry, i.e. the key revenue drivers for Onthehouse.

The Australian residential real estate market

- 84 Residential real estate is the largest and most valuable asset class in Australia. As of May 2016 there were approximately 9.6 million residential dwellings, consisting primarily of houses, with an estimated value of \$6.5 trillion²¹. In comparison, the total value of Australian superannuation and listed shares was estimated at \$2.0 trillion and \$1.5 trillion respectively²².

¹⁷ Trust accounting is one of the most critical operations of real estate agencies and refers to the accounting records and practices required under government legislation to enable agents to properly account for trust money in their possession.

¹⁸ Cloud computing has emerged as a popular technology that allows data to be stored and accessed via the internet as opposed to a computer's hard drive.

¹⁹ Source: Onthehouse prospectus.

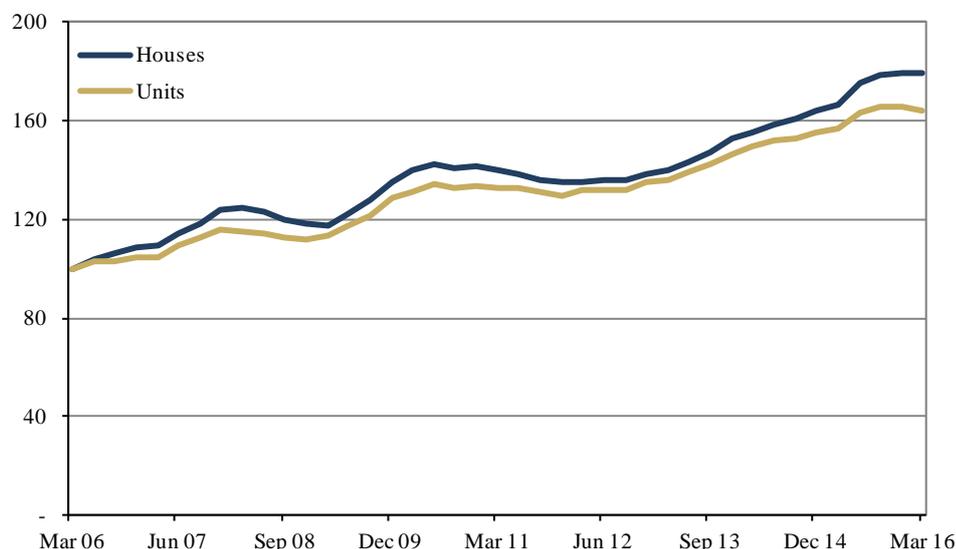
²⁰ We note that there are a number of real estate software providers which currently offer cloud based solutions.

²¹ Source: CoreLogic (2016), *Housing Market and Economic Update*.

²² Source: CoreLogic (2016), *Housing Market and Economic Update*.

- 85 Home ownership has historically been an important aspiration for many Australians and accordingly, the majority of Australian households own their own homes²³. As at 31 March 2016, approximately 52% of household wealth was comprised of residential land and dwellings²⁴. Real estate is also viewed as an attractive form of investment, particularly in urban centres where renting is more prevalent²⁵.
- 86 The value of residential real estate in Australia has grown substantially in recent years with a significant portion of this growth having occurred in Sydney and Melbourne. Over the 10 years to 31 March 2016, house prices and unit prices in Australia increased by a compound annual growth rate (CAGR) of 6.0% and 5.1% respectively (noting that the only periods of price declines occurred during the global financial crisis and in response to the Reserve Bank of Australia's (RBA) tightening cycle during the mining boom) as illustrated in the following chart:

Australian property price index⁽¹⁾
March 2006 to March 2016



Note:

1 Rebased to 100 as at March 2006.

Source: ABS and LEA analysis.

- 87 The strength of the residential real estate market has been supported by, inter alia:
- consistently high levels of population growth compared to other developed countries
 - a declining interest rate environment which has the effect of reducing mortgage rates and hence mortgage repayments²⁶
 - credit growth facilitated by the Australian banks, particularly in response to strong investor demand

²³ The most recent Australian census undertaken in 2011 found that 68% of households owned their own home.

²⁴ Source: Australian Bureau of Statistics (ABS).

²⁵ The level of investor demand for real estate is indicated by the value of investment housing commitments which stood at 40% of the total value of dwelling commitments as at 31 May 2016, and is up from 24% of the total value of dwelling commitments a decade earlier. Source: ABS and LEA analysis.

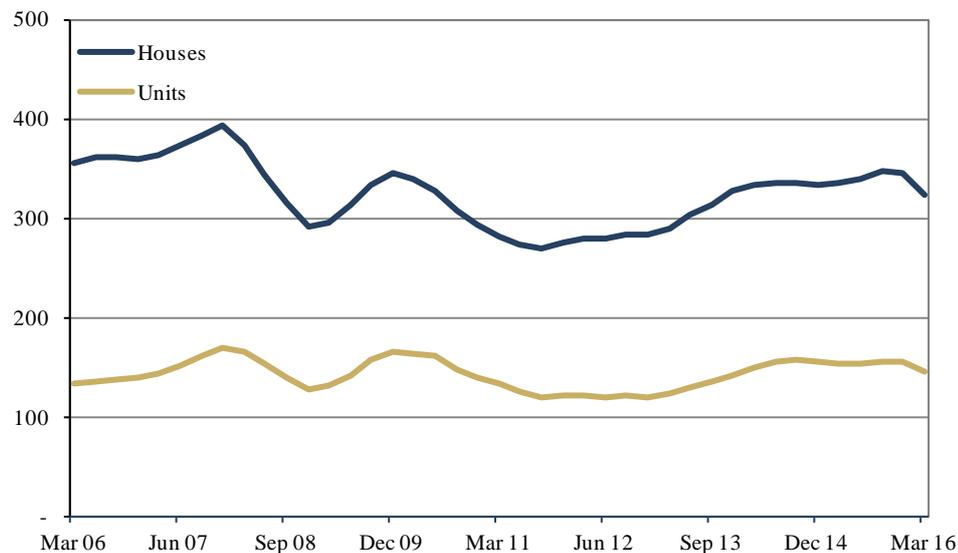
²⁶ We note that the RBA's cash rate reduced further to 1.5% on 2 August 2016.

- (d) relatively constrained levels of housing supply
- (e) government policies such as negative gearing and other initiatives, including the first home owner grant and introduction of the first home saver account (which has since been abolished).

The real estate services industry

- 88 The real estate services industry provides a number of property related services including property sales and valuations, auctions and property management (such as renting). As at 30 June 2015, there were more than 38,000 real estate services businesses operating in Australia²⁷. The majority of these businesses, comprising mostly of independent agencies and franchisees of large national chains, were concentrated in New South Wales (with 38% of the total), Queensland (26%) and Victoria (20%).
- 89 The real estate services industry derives the majority of its revenue from commissions earned on residential property sales. Accordingly, the level of property turnover has a strong influence on the demand for real estate services. During the year ended 31 March 2016, approximately 323,000 houses and 147,000 units were sold in Australia, which was 4.0% lower than the prior corresponding year on an aggregated basis²⁸:

Australian property turnover
000s (rolling annual)



Source: ABS and LEA analysis.

- 90 Whilst the number of property sales has remained relatively stable as indicated in the above chart, the value of property turnover has increased substantially in combination with rising real estate prices. This has supported growth in the industry due to the commission based model upon which it operates. IBISWorld estimates that the total revenue of the real estate

²⁷ Being the latest available data. Source: ABS.

²⁸ Source: ABS and LEA analysis.

services industry in Australia in FY16 was \$14 billion, and it forecasts revenue to grow at a CAGR of 0.3% over the five years to FY21²⁹.

Outlook

- 91 Following several years of substantial growth in the value of real estate, certain property professionals expect that property prices will soften in the short to medium term. Notwithstanding this, we note that capital city auction clearance rates and the number of property listings have remained broadly consistent with recent periods which suggest that activity in the real estate market remains relatively strong. In addition, the prevailing low interest rate environment in Australia should continue to provide support to real estate prices.

²⁹ In 2016 dollar terms. Source: IBISWorld.

V Valuation methodology

- 92 RG 111 outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:
- (a) the discounted cash flow (DCF) methodology
 - (b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets
 - (c) the amount that would be available for distribution to shareholders in an orderly realisation of assets
 - (d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis
 - (e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.
- 93 Under the DCF methodology the value of the business is equal to the net present value (NPV) of the estimated future cash flows including a terminal value. In order to arrive at the NPV the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.
- 94 Methodologies using capitalisation multiples of earnings or cash flows are commonly applied when valuing businesses where a future “maintainable” earnings stream can be established with a degree of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record and expectations of future profitability and has relatively steady growth prospects. Such a methodology is generally not applicable where a business is in start-up phase, has a finite life, or is likely to experience a significant change in growth prospects and risks in the future.
- 95 Capitalisation multiples can be applied to either estimates of future maintainable operating cash flow, EBITDA, EBITA, EBIT or net profit after tax. The appropriate multiple to be applied to such earnings is usually derived from stock market trading in shares in comparable companies which provide some guidance as to value and from precedent transactions within the industry. The multiples derived from these sources need to be reviewed in the context of the differing profiles and growth prospects between the company being valued and those considered comparable. When valuing controlling interests in a business an adjustment is also required to incorporate a premium for control. The earnings from any non-trading or surplus assets are excluded from the estimate of the maintainable earnings and the value of such assets is separately added to the value of the business in order to derive the total value of the company.
- 96 An asset based methodology is applicable in circumstances where neither a capitalisation of earnings nor a DCF methodology is appropriate. It can also be applied where a business is no longer a going concern or where an orderly realisation of assets and distribution of the

proceeds is proposed. Using this methodology, the value of the net assets of the company is adjusted for the time, cost and taxation consequences of realising the company's assets.

Methodologies selected

- 97 The market value of Onthehouse has been assessed by aggregating the market value of its continuing business (being its real estate software business), together with the realisable value of any surplus assets and deducting net borrowings.
- 98 The valuation of the continuing business has been made on the basis of market value as a going concern. The primary valuation methods used to value the business have been the capitalisation of EBITDA and EBITA approaches. Under these methodologies the value of the business is represented by its core underlying EBITDA³⁰ or EBITA³¹ capitalised at a rate (or multiple) reflecting the risks inherent in those earnings.
- 99 We have adopted these methods because:
- (a) Onthehouse's real estate software business has a demonstrated history of profits and an expectation of on-going profitability
 - (b) transaction evidence in the sector is generally expressed in terms of EBITDA multiples
 - (c) EBITA makes specific allowance for on-going software development costs (through software amortisation charges)
 - (d) we do not have long-term cash flow projections which we regard as sufficiently robust to enable a DCF valuation to be undertaken³²
 - (e) the net asset backing of Onthehouse shares (of \$0.62 per share as at 30 June 2016) is not an appropriate reference point upon which to assess the current market value of the shares.
- 100 As a cross-check on the above methods, we have also considered the reasonableness of the control premium implied by our valuation range compared to the volume weighted average price (VWAP) of Onthehouse shares before the announcement of the initial proposal from the Consortium on 24 December 2015³³.

³⁰ We note that most listed software companies capitalise and amortise software development costs (with the amortisation charges being incurred below the EBITDA line).

³¹ EBITA is calculated after deducting the amortisation of software development costs previously incurred and capitalised (on the basis that such amortisation is a proxy for on-going software development costs), but prior to any amortisation of acquired intangibles (which is simply an accounting entry in respect of assets which are not expected to have any on-going cash costs).

³² We note that management prepared cash flow projections for Onthehouse for financial reporting / impairment testing purposes as at 30 June 2015 and 30 June 2016. However, the objective of impairment tests is to opine on whether the carrying values of assets are appropriate rather than to assess the market value of the entity.

³³ We note that on 5 July 2016 (being the day prior to the announcement date of the Scheme) the Index was at a broadly comparable level to that which prevailed on 24 December 2015.

VI Valuation of Onthehouse shares

Valuation methodologies

- 101 As stated in Section V we have adopted the capitalisation of EBITDA and EBITA methods as our primary valuation methodologies. Under these methods the EBITDA or EBITA (before non-recurring items) is capitalised at an appropriate multiple.
- 102 The value of the shares in Onthehouse is then derived by adding the net realisable value of any surplus and other assets and deducting net interest bearing debt.

Capitalisation of EBITDA approach

EBITDA

- 103 In order to assess the appropriate level of EBITDA for valuation purposes we have had regard to the historical results of the continuing real estate software business³⁴, and have discussed the financial performance, operating environment and prospects of the business with Onthehouse management.
- 104 The revenue, EBITDA and EBITA from continuing operations over recent years is summarised below:

Onthehouse – statement of financial performance ⁽¹⁾			
	FY14 Audited \$m	FY15 Audited \$m	FY16 Audited \$m
Revenue	21.2	21.5	21.4
EBITDA before significant items	6.9	7.7	7.7
Depreciation and amortisation ⁽²⁾	(1.2)	(1.5)	(1.8)
EBITA ⁽³⁾ before significant items	5.7	6.2	5.9
<i>EBITDA margin</i>	32.5%	35.8%	36.0%
<i>EBITA margin</i>	26.9%	28.8%	27.6%

Note:

- 1 Continuing operations only.
- 2 Includes amortisation of software development costs, but excludes amortisation of acquired intangibles.
- 3 Earnings before interest, tax and amortisation of acquired intangibles (EBITA).
- 4 Significant items include transaction costs from potential acquisitions and gains / (losses) on sale of plant and equipment.

- 105 As indicated above, revenue and profit margins have been relatively consistent over the three years ended 30 June 2016. Higher EBITDA margins in FY15 and FY16 have been largely offset by higher software amortisation charges³⁵.

³⁴ The COD was divested in May 2016.

³⁵ Onthehouse capitalises software development costs and then amortises these costs (below the EBITDA line) over five years.

- 106 It should be noted that Onthehouse commenced the development of a cloud based real estate SaaS platform during FY16. Costs related to this project totalling \$1.14 million were capitalised during FY16, and will be amortised (below the EBITDA line) over the next five years from late FY17 when the project is expected to be completed. Further costs related to the completion of this project of approximately \$4.4 million are expected to be incurred over FY17 (and will also be capitalised and amortised).
- 107 It is not clear at this time whether the move to a cloud based platform will result in future earnings growth. Management have advised that revenue growth from around FY19 may occur as a result of implementing the cloud platform due to:
- (a) the ability to win a greater share of the real estate software market
 - (b) a reduction in churn from clients seeking cloud based property management solutions
 - (c) improved ability to cross-sell related products
 - (d) additional revenue from third party integrations.
- 108 However, at the date of this report the development of this software is still in progress. Accordingly, there remains an inherent risk as to both the timing of completion and the market acceptability of the platform.
- 109 No specific earnings guidance has been provided by the Company to investors in relation to FY17. However, based on discussions with management and our review of management's internal budgets, the level of revenue and earnings for FY17 is expected to be broadly consistent with FY16.
- 110 Consequently, we have adopted EBITDA for valuation purposes of \$7.7 million. This is consistent with the level of EBITDA achieved in FY15 and FY16.

EBITDA multiple

- 111 The selection of the appropriate EBITDA multiple to apply is a matter of judgement but normally involves consideration of a number of factors including, but not limited to:

Factors impacting on the appropriate earnings multiple

- | | |
|---|---|
| <ul style="list-style-type: none"> • The stability and quality of earnings • The quality of the management and the likely continuity of management • The nature and size of the business • The spread and financial standing of customers • The financial structure of the company and gearing level • The multiples attributed by share market investors to listed companies involved in similar activities or exposed to the same broad industry sectors • The multiples that have been paid in recent acquisitions of businesses involved in similar activities or exposed to the same broad industry sectors | <ul style="list-style-type: none"> • The future prospects of the business including the growth potential of the industry in which it is engaged, strength of competitors, barriers to entry, etc. • The cyclical nature of the industry • Expected changes in interest rates • The asset backing of the underlying business of the company and the quality of the assets • The extent to which a premium for control is appropriate • Whether the assessment is consistent with historical and prospective earnings |
|---|---|

112 We discuss below specific factors taken into consideration when assessing the appropriate EBITDA multiple range for Onthehouse.

Listed company multiples

113 The EBITDA multiples for ASX listed companies operating in the software sector with enterprise values of less than \$400 million are set out below:

EBITDA multiples – ASX listed software companies					
Company	Software type	EV⁽¹⁾ (millions)	EBITDA multiple⁽¹⁾		Forecast growth⁽³⁾ %
			FY16 (F)⁽²⁾ x	FY17 (F)⁽²⁾ x	
Integrated Research	Billing / enterprise	379	12.1	10.3	14.7%
GBST Holdings	Financial	280	13.5	10.6	18.7%
Reckon	Financial / accounting	212	6.1	5.6	12.1%
Objective Corporation ⁽⁴⁾	Content	126	13.3	9.4	32.6%
Prophecy International	IT security / enterprise	68	13.4	7.0	35.0%
Rubik Financial	Financial	53	7.9	5.8	29.3%
Average			11.1	8.1	

Note:

- 1 Enterprise value (EV) and EBITDA multiples calculated as at 22 July 2016.
- 2 Forecast earnings are based on Bloomberg broker average forecasts (excluding outliers and outdated forecasts).
- 3 Forecast growth is the compound annual growth rate in EBITDA between FY16 and FY18 based on Bloomberg broker average forecasts (excluding outliers and outdated forecasts).
- 4 It should be noted that Objective Corporation expenses all software development costs when incurred, whereas the other listed companies capitalise and amortise software development costs.

Source: Bloomberg, latest full year statutory accounts, latest interim accounts, company announcements and LEA analysis.

na – not available.

114 As the level of EBITDA adopted for valuation purposes reflects our estimate of future maintainable earnings, we believe more regard should be had to the forecast FY17 EBITDA multiples.

115 In relation to the above multiples we note that:

- (a) the above multiples are based on the listed market share price (and therefore exclude a premium for control). Empirical evidence undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover). This broadly translates to a premium of 20% to 25% at the EBITDA multiple or enterprise value level, although this varies depending on the level of debt funding employed in each company
- (b) none of the above companies are directly comparable to Onthehouse, as they do not focus on the provision of software services to the real estate / property sector
- (c) most of the above listed companies are larger than Onthehouse (based on their enterprise value). Generally large companies trade on higher multiples than small companies, provided other variables (e.g. forecast growth rates) are similar

- (d) the above listed companies have generally achieved significant EBITDA growth in recent years, and broking analysts are forecasting that they will achieve further significant EBITDA growth over the period to FY18³⁶. In contrast, Onthehouse's revenue and EBITDA from continuing operations has not grown significantly over the last three years and is not expected to grow significantly in FY17.

116 Given the above, in our view, Onthehouse should trade on lower EBITDA multiples (after adjusting for a control premium) than the above companies, reflecting the relatively small size of the company and the lower prospects for earnings growth.

Transaction evidence

117 Recent transaction evidence in the Australian software sector involving companies with enterprise values ranging between A\$10 million and A\$300 million is summarised below:

EBITDA multiples – software company transactions				
Date⁽¹⁾	Target	Software type	EV⁽²⁾ million	EBITDA multiple⁽³⁾
Most relevant transactions				
Dec 13	Property Data Solutions	Property data	29	na
May 11	Console and PortPlus	Real estate	58	5.9F
Jan 11	RP Data	Property data	289	11.1F
Other software transactions				
Mar 16	Medical Director	Healthcare	155	7.8H
Jul 15	eMite	Enterprise solutions	18	na
Jan 15	Finzsoft Solutions	Banking	27	5.1F
Oct 14	Leadtec	Supply chain solutions	17	5.8H
Jun 14	Stargate Information Systems & Infinitive	Mortgage	26	6.8H
Jun 13	Bravura Solutions	Financial	189	8.5H
Jun 13	ISS Group	Enterprise solutions	39	12.9F
Mar 13	Nintex Group	Workflow	205	10.9F
Jul 12	COIN Software	Financial	27	5.1H
Aug 11	QMASTOR	Supply chain solutions	28	5.0F
May 10	ValEX Group & Sandstone Technology's VMS Division	Financial	46	5.0F

Note:

- 1 Date of announcement.
- 2 Enterprise value on a 100% basis.
- 3 H – historical. F – forecast.

Source: LEA analysis using data from company announcements, company annual and interim reports and analyst reports.

na – not available.

118 The above transaction multiples are based on the prices paid for 100% ownership of the target companies and therefore implicitly incorporate a (takeover) control premium.

³⁶ Source: Bloomberg.

119 In relation to the above transactions it should also be noted that:

- (a) the most relevant transaction is the acquisition of Console and PortPlus by Onthehouse in May 2011. The software acquired as part of this acquisition continues to be a major part of the current real estate software offering of Onthehouse
- (b) Property Data Solutions and RP Data also provide software services to the real estate sector
- (c) the Other Software Transactions involve companies which provide software to other sectors (i.e. not the real estate sector). Whilst these transactions are therefore less relevant they do provide evidence as to the earnings multiples generally paid for software related businesses
- (d) the above transaction multiples vary widely. Generally the transaction multiples at the higher end of the range (e.g. for Nintex) reflect the higher earnings growth achieved and projected at the transaction date.

Potential synergies

120 Subject to the implementation of the Scheme, the Consortium members and RP Data (and certain of their related entities) have entered into specified agreements and arrangements in relation to the future business, operations and governance of Onthehouse.

121 Pursuant to these agreements and arrangements Onthehouse will acquire:

- (a) PropertyIQ, a 50:50 joint venture between Macquarie Group and RP Data that provides real estate software solutions to the real estate, property management and strata management industries
- (b) RP Office, a property management software business currently wholly owned by RP Data.

122 The consideration for each of the acquisitions will comprise shares in Onthehouse.

123 In addition, other proposed post-Scheme agreements include Macquarie Group becoming the preferred supplier of banking services to Onthehouse, which will include facilitation by Onthehouse of the introduction of Onthehouse customers to specified Macquarie Group banking and financial services products.

124 Given the above, in our view, it is likely that the Consortium will be able to generate potentially significant synergy benefits (in the medium to long term) as a result of its acquisition of Onthehouse. We would expect such synergy benefits to include:

- (a) operational cost savings associated with the proposed integration of the PropertyIQ and RP Office businesses with the current business operations of Onthehouse
- (b) potential revenue synergies associated with the offer of increased services to an enlarged customer base
- (c) additional revenue synergies to Macquarie Group pursuant to the proposed preferred supplier of banking services status as regards the customer base of Onthehouse.

- 125 However, based on our understanding, these synergy benefits are likely to be largely unique to Macquarie Group and its post-Scheme proposed shareholding partners in Onthehouse. As set out in RG 111, synergies that are not available to other potential bidders should not be taken into account in the valuation of the target company when assessing whether an offer is fair.
- 126 Furthermore, whilst we would expect the Consortium will also be able to achieve some head office cost savings (e.g. as a result of eliminating public company costs), the existence of such synergies from business combinations is one of the key reasons why bidders pay a control premium.
- 127 Consequently, in our opinion, it is inappropriate (in the circumstances of Onthehouse) to incorporate a separate value for synergy benefits over and above that already implicitly reflected in the controlling interest multiple applied.

Other considerations

- 128 When assessing the appropriate earnings multiples to apply we have also considered the following:

Strengths / Opportunities

- (a) Onthehouse has achieved a high market share (estimated at around 39%), with some 3,970 real estate offices using its software. This “first mover” advantage makes it harder for competitors to enter its market
- (b) if Onthehouse is able to successfully implement its cloud based platform, this is likely to further consolidate its relationship with clients (increasing barriers to entry) and provide an opportunity for revenue and earnings growth from both existing and potentially new clients

Weaknesses / Threats

- (c) in recent years the continuing business has not achieved any significant revenue, EBITDA or EBITA growth (which reduces the earnings multiple which should be applied)
- (d) currently, Onthehouse does not have a cloud based software offering. In the absence of such an offering, we expect that churn rates will increase as clients seek cloud based property management solutions (adversely impacting on profitability)
- (e) the lack of a cloud based software offering enables competitors to compete on the basis of a superior technology platform (increasing the risk of market share loss)
- (f) at the date of this report there is an inherent risk that (inter-alia) Onthehouse will not be able to successfully implement a cloud based platform, or that significant delays and / or cost overruns will be experienced.

Conclusion on appropriate EBITDA multiple

- 129 Having regard to the above, and in particular the small size of Onthehouse, the current lack of a cloud based offering and the expected lack of short term profit growth, in our opinion, the appropriate EBITDA multiple for Onthehouse on a standalone basis (including a premium for control) is around 7.0 to 8.0.

Value of business based on EBITDA approach

130 On this basis the value of Onthehouse's operating business (before debt) is as follows:

Onthehouse – value of operating business		
	Low	High
	\$m	\$m
Operating EBITDA	7.7	7.7
EBITDA multiple (x)	7.0	8.0
Enterprise value	53.9	61.6

Capitalisation of EBITA approach

EBITA

131 We have adopted EBITA for valuation purposes of \$6.0 million, broadly consistent with the level of EBITA achieved in each of FY14, FY15 and FY16 (as set out in paragraph 104).

EBITA multiple

132 The EBITA multiples for ASX listed companies operating in the software sector with enterprise values of less than \$400 million are set out below:

EBITA multiples – ASX listed software companies				
Company	Software type	EV ⁽¹⁾ (millions)	EBITA multiple ⁽¹⁾	
			FY16 (F) ⁽²⁾ x	FY17 (F) ⁽²⁾ X
Integrated Research	Billing / enterprise	379	17.5	14.2
GBST Holdings	Financial	280	15.2	11.4
Reckon	Financial / accounting	212	11.6	11.7
Objective Corporation	Content	126	14.0	9.7
Prophecy International	IT security / enterprise	68	15.4	7.7
Rubik Financial	Financial	53	9.3	6.5
Average			13.8	10.2

Note:

1 Enterprise value (EV) and earnings multiples calculated as at 22 July 2016.

2 Forecast earnings are based on Bloomberg broker average forecasts (excluding outliers and outdated forecasts).

Source: Bloomberg, latest full year statutory accounts, latest interim accounts, company announcements and LEA analysis.

na – not available.

133 The above multiples do not reflect a premium for control. Whilst a premium for control should be applied (as we are valuing a 100% controlling interest in Onthehouse), as noted above we consider discounts should also be applied reflecting the small size of Onthehouse and other relevant factors (e.g. lack of cloud based platform and lack of short term profit outlook).

134 EBITA multiples implied by recent transaction evidence are shown below:

EBITA multiples – software company transactions

Date ⁽¹⁾	Target	Software type	EV ⁽²⁾ million	EBITA multiple ⁽³⁾
Most relevant transactions				
Dec 13	Property Data Solutions	Property data	29	10.5F
May 11	Console & PortPlus	Real estate	58	na
Jan 11	RP Data	Property data	289	17.5F
Other software transactions				
Mar 16	Medical Director	Healthcare	155	8.8H
Jul 15	eMite	Enterprise solutions	18	5.9F
Jan 15	Finzsoft Solutions	Banking	27	na
Oct 14	Leadtec	Supply chain solutions	17	10.5H
Jun 14	Stargate Information Systems & Infinitive	Mortgage	26	na
Jun 13	Bravura Solutions	Financial	189	15.4H
Jun 13	ISS Group	Enterprise solutions	39	15.0H
Mar 13	Nintex Group	Workflow	205	11.2F
Jul 12	COIN Software	Financial	27	na
Aug 11	QMASTOR ⁽⁵⁾	Supply chain solutions	28	na
May 10	ValEX Group & Sandstone Technology's VMS Division	Financial	46	8.1F

Note:

- 1 Date of announcement.
- 2 Enterprise value on a 100% basis.
- 3 H – historical. F – forecast.

Source: LEA analysis using data from company announcements, company annual and interim reports and analyst reports.

na – not available.

- 135 On balance, we believe an EBITA multiple range of 9.0 to 10.0 is appropriate for Onthehouse on a 100% controlling interest basis.

Value of business based on EBITA approach

- 136 Our assessed value of the Onthehouse business using an EBITA multiple approach is therefore as follows:

Onthehouse – value of operating business		
	Low \$m	High \$m
Operating EBITA	6.0	6.0
EBITA multiple (x)	9.0	10.0
Enterprise value	54.0	60.0

Conclusion on business value

- 137 The resulting business values under each of the adopted methods are shown below:

Onthehouse resulting business values	
	Range \$m
EBITDA approach	53.9 – 61.6
EBITA approach	54.0 – 60.0

138 Based on the above we have adopted a valuation range for the Onthehouse business of \$54.0 million to \$62.0 million.

Surplus assets / net cash

139 Based on discussions with Onthehouse management and our detailed review of Onthehouse's balance sheet we have concluded that there are no assets considered surplus to the business operations. Whilst Onthehouse had \$1.8 million of net cash on hand as at 30 June 2016³⁷, this is not considered surplus given the Company's working capital needs and the expected future costs associated with the development of its cloud based platform.

Share capital

140 Onthehouse has 82.6 million shares on issue. In addition, the Company has 3.1 million options on issue which were issued under the employee share option plan and are exercisable at prices ranging from \$0.55 to \$1.00 per share. For the purposes of our valuation we have assumed that only the "in the money" options would be exercised.

Value of Onthehouse

141 Based on the above, we have assessed the value of 100% of Onthehouse on a controlling interest basis as follows:

Value of 100% of Onthehouse		
	Low \$m	High \$m
Enterprise value	54.0	62.0
Surplus assets / net cash	-	-
Cash to be received from exercise of "in the money" options	0.5	1.4
Value of 100% of Onthehouse	54.5	63.4
Fully diluted shares on issue (millions) ⁽¹⁾	83.5	84.8
Value per share (A\$)	\$0.65	\$0.75

Note:

1 Based on 82.6 million shares on issue, plus 0.9 million (low case) to 2.2 million (high case) shares to be issued following the exercise of "in the money" options.

Comparison with pre announcement share price

142 We note that the VWAP of Onthehouse shares in the three months prior to the announcement on 24 December 2015³⁸ that Onthehouse had received an unsolicited, indicative and non-binding proposal from the Consortium was \$0.55 per share.

143 Adjusting this VWAP for a takeover (control) premium of 30% to 35% (reflecting the average premiums implied by empirical evidence³⁹) results in a valuation range of \$0.71 to \$0.74 per share. This is broadly consistent with the upper end of our assessed valuation range.

³⁷ Cash proceeds of \$3 million from the sale of the COD were received in May 2016.

³⁸ On 5 July 2016 (being the day prior to the announcement date of the Scheme) we note that the Index was at a broadly comparable level to that which prevailed on 24 December 2015.

³⁹ Refer paragraph 151.

VII Evaluation of the Scheme

Summary of opinion

144 In our opinion, the Scheme is fair and reasonable to Onthehouse shareholders and is therefore in the best interests of Onthehouse shareholders in the absence of a superior proposal. We have formed this opinion for the following reasons.

Assessment of the Scheme

Fairness

145 Pursuant to RG 111 the Scheme is “fair” if the value of the Scheme Consideration is equal to or greater than the value of the securities the subject of the Scheme. This comparison is shown below:

Comparison of Scheme Consideration to value of Onthehouse			
	Low \$ per share	High \$ per share	Mid-point \$ per share
Value of Scheme Consideration	0.85	0.85	0.85
Value of 100% of Onthehouse	0.65	0.75	0.70
Extent to which the Scheme Consideration exceeds the value of Onthehouse	0.20	0.10	0.15

146 As the Scheme Consideration exceeds our assessed valuation range for 100% of Onthehouse shares on a standalone basis, in our opinion, the Scheme Consideration is fair to Onthehouse shareholders when assessed based on the guidelines set out in RG 111.

Other qualitative factors

147 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Scheme is “fair and reasonable” it must also be “in the best interests” of shareholders, in the absence of a superior proposal.

148 Consequently, in our opinion, the Scheme is also reasonable and in the best interests of Onthehouse shareholders in the absence of a superior proposal.

149 In assessing whether the Scheme is reasonable and in the best interests of Onthehouse shareholders LEA has also considered, in particular:

- (a) the extent to which a control premium is being paid to Onthehouse shareholders
- (b) the extent to which Onthehouse shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction
- (c) the listed market price of the shares in Onthehouse, both prior to and subsequent to the announcement of the Scheme
- (d) the likely market price of Onthehouse shares if the Scheme is not approved
- (e) the value of Onthehouse to an alternative offeror and the likelihood of a higher alternative offer being made for Onthehouse prior to the date of the Scheme meeting
- (f) the advantages and disadvantages of the Scheme from the perspective of Onthehouse shareholders

- (g) other qualitative and strategic issues associated with the Scheme.

150 These issues are discussed in detail below.

Extent to which a control premium is being paid

151 Research undertaken by LEA indicates that average premiums paid in successful takeovers in Australia generally range between 30% and 35% above the listed market price of the target company's shares three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). This premium range reflects the fact that:

- (a) the owner of 100% of the shares in a company obtains access to all the free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder
- (b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds
- (c) a controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company
- (d) a controlling shareholder is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

152 We have calculated the premium implied by the Scheme Consideration of \$0.85 per Onthehouse share by reference to the market prices of Onthehouse shares (as traded on the ASX) for periods up to and including 23 December 2015, being the last full trading day prior to the announcement of the initial proposal from the Consortium on 24 December 2015⁴⁰. We note that the Index on 23 December 2015 was not materially different to the index level on 5 July 2016 (being the day prior to the announcement of the Scheme).

153 On this basis, the implied offer premium relative to Onthehouse share prices is shown below:

Implied offer premium relative to recent Onthehouse share prices		
	Onthehouse share price	Implied offer premium
	\$	%
Closing share price on 23 December 2015 ⁽¹⁾	0.60	41.7
1 month VWAP to 23 December 2015	0.58	46.6
3 months VWAP to 23 December 2015	0.55	54.5

Note:

- 1 Being the last full day of trading prior to the announcement of the initial proposal from the Consortium.

⁴⁰ Subsequent to 23 December 2015 trading in Onthehouse shares has been impacted by the announcement of the initial proposal from the Consortium and related status updates in this regard provided by the Company. The initial indicative proposal contemplated a cash consideration of \$0.755 per share, and was rejected on 21 January 2016 on the basis the indicated consideration materially undervalued the Company. On 9 March 2016 the Consortium tabled a revised proposal of \$0.85 per share.

154 As indicated above, the Scheme Consideration represents a significant premium to the market price of Onthehouse shares prior to the announcement on 23 December 2015 of the initial proposal from the Consortium. The Scheme Consideration also reflects an implied premium which exceeds observed premiums paid in successful takeovers generally.

155 In considering the implied premium we note:-

- (a) in the period subsequent to 23 December 2015 the business operations and prospects of Onthehouse have been positively impacted by the successful sale of the COD business and the continued development of the Real Estate Solutions SaaS project
- (b) the recommended consideration of \$0.85 per share represents a \$0.095 (12.6%) increase over the contemplated consideration of \$0.755 per share set out in the initial proposal.

Extent to which Onthehouse shareholders are being paid a share of synergies

156 As set out in Section VI, in our view it is likely that the Consortium will be able to generate potentially significant synergy benefits in the medium to long term as a result of its acquisition of Onthehouse. Based on our understanding these synergy benefits are likely to be largely unique to Macquarie Group and its post-Scheme proposed shareholding partners in Onthehouse.

157 Whilst we are not in a position to quantify the value of these synergies, we note that the Scheme Consideration of \$0.85 per share exceeds our assessed value of 100% of Onthehouse shares on a standalone basis. Accordingly, in our view, the Scheme Consideration appears to both confirm the potential significance of these synergy benefits and to reflect the payment of a share thereof to Onthehouse shareholders.

Recent share prices subsequent to the announcement of the Scheme

158 Shareholders should note that Onthehouse shares have traded on the ASX in the range of \$0.82 per share to \$0.83 per share in the period since the announcement of the Scheme up to 2 August 2016. The VWAP for the period was \$0.82 per share, and on 2 August 2016 Onthehouse shares last traded at \$0.83 per share. These share prices are lower than the Scheme Consideration and suggest that the market consensus view is that a superior offer or proposal is unlikely to emerge and that the Scheme is likely to be successful.

Likelihood of an alternative offer

159 We have been advised by the Independent Directors of Onthehouse that no formal alternative offer or proposal has been received subsequent to the announcement of the Scheme on 6 July 2016.

160 In our opinion, there are limited prospects of a higher offer or superior proposal to the Scheme being received prior to the Scheme meeting. This is primarily because over six months have elapsed since the announcement of the initial approach from the Consortium in December 2015 during which time:

- (a) no other formal offers or proposals have been tabled to the Company or its advisers
- (b) whilst the Consortium has been undertaking due diligence and related enquiries since the tabling of its revised proposal in March 2016, this process was undertaken on a non-exclusive basis, thereby providing a continuing opportunity for any interested third-party to approach the Company.

Likely price of Onthehouse shares if the Scheme is not approved

- 161 If the Scheme is not approved by Onthehouse shareholders and the Court, and no higher offer or alternative proposal emerges, we would expect that, at least in the short-term, Onthehouse shares would trade at a significant discount to our valuation and the Scheme Consideration (consistent with the difference between the value of Onthehouse on a portfolio basis and the value on a 100% controlling interest basis).
- 162 If the Scheme is not implemented those Onthehouse shareholders who wish to sell their Onthehouse shares are therefore likely, at least in the short-term, to realise a significantly lower price for their shares than will be payable under the Scheme.

Summary of opinion on the Scheme

- 163 We summarise below the likely advantages and disadvantages for Onthehouse shareholders if the Scheme proceeds.

Advantages

- 164 The Scheme has the following benefits for Onthehouse shareholders:
- (a) the Scheme Consideration of \$0.85 cash per share exceeds our assessed standalone valuation range of Onthehouse shares on a 100% controlling interest basis
 - (b) the Scheme Consideration represents a significant premium to the market prices of Onthehouse shares prior to the announcement on 24 December 2015 of the initial approach from the Consortium
 - (c) furthermore, the premium exceeds observed premiums generally paid to target company shareholders in comparable circumstances
 - (d) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Onthehouse shares is likely to trade at a significant discount to our valuation and the Scheme Consideration (consistent with the portfolio nature of individual shareholdings).

Disadvantages

- 165 Onthehouse shareholders should note that if the Scheme is approved they will no longer hold an interest in Onthehouse. Onthehouse shareholders will therefore not participate in any future value created by the Company as a result of on-going operations over and above that reflected in the Scheme Consideration.

Other matters

- 166 It should also be noted that the members of the Consortium (who in aggregate hold a 19.2% interest in Onthehouse) will abstain from voting in relation to the Scheme and any votes cast by a member of the Consortium will be disregarded by the Company.

Conclusion

- 167 Given the above analysis, we consider that the advantages of the Scheme significantly outweigh the disadvantages. This supports our view that the acquisition of Onthehouse shares by the Consortium under the Scheme is reasonable. As outlined further in this report, we also consider that the Scheme is fair.
- 168 Accordingly, in our opinion, the Scheme is fair and reasonable and therefore in the best interests of Onthehouse shareholders in the absence of a superior proposal.

Appendix A

Financial Services Guide

Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.

LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

- 2 The Corporations Act authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Scheme Booklet to be sent to Onthehouse shareholders in connection with the Scheme.
- 3 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

- 4 Our Australian Financial Services Licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

- 5 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.
- 6 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

- 7 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at \$70,000 plus GST.
- 8 Neither LEA nor its directors and officers receive any commissions or other benefits, except for the fees for services referred to above.

Appendix A

- 9 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.
- 10 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

- 11 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.
- 12 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Services Limited (FOS), an external complaints resolution service. You will not be charged for using the FOS service.

Contact details

- 13 LEA can be contacted by sending a letter to the following address:

Level 7
64 Castlereagh Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

Appendix B

Qualifications, declarations and consents

Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared many hundred independent expert's reports.
- 2 This report was prepared by Mr Craig Edwards and Mr Martin Holt, who are each authorised representatives of LEA. Mr Edwards and Mr Holt have over 20 years and 30 years experience respectively in the provision of valuation advice.

Declarations

- 3 This report has been prepared at the request of the Independent Directors of Onthehouse to accompany the Scheme Booklet to be sent to Onthehouse shareholders. 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 Scheme is fair and reasonable and in the best interests of Onthehouse shareholders.

Interests

- 4 At the date of this report, neither LEA, Mr Edwards nor Mr Holt have any interest in the outcome of the Scheme. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 5 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.

Indemnification

- 6 As a condition of LEA's agreement to prepare this report, Onthehouse agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Onthehouse which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

- 7 LEA consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet.

Appendix C

Listed company multiples and descriptions

- 1 The EBITDA and EBITA multiples for ASX listed companies operating in the software sector with enterprise values of less than \$400 million (together with a brief description of their respective activities) are set out below:

Listed company multiples summary ⁽¹⁾					
Company	Enterprise value ⁽²⁾ (millions)	EBITDA multiple		EBITA multiple	
		Forecast FY16 ⁽³⁾ x	Forecast FY17 ⁽³⁾ x	Forecast FY16 ⁽³⁾ x	Forecast FY17 ⁽³⁾ x
Integrated Research	379	12.1	10.3	17.5	14.2
GBST Holdings	280	13.5	10.6	15.2	11.4
Reckon	212	6.1	5.6	11.6	11.7
Objective Corporation	126	13.3	9.4	14.0	9.7
Prophecy International	68	13.4	7.0	15.4	7.7
Rubik Financial	53	7.9	5.8	9.3	6.5

Note:

- 1 Enterprise value and earnings multiples calculated as at 22 July 2016.
- 2 Enterprise value includes net debt (interest bearing liabilities less non-restricted cash), net derivative liabilities and excludes surplus assets.
- 3 Forecast earnings are based on Bloomberg broker average forecasts (excluding outliers and outdated forecasts).
- 4 Forecast earnings for Integrated Research, Objective Corporation and Rubik Financial are based on only one analyst and hence the implied earnings multiples do not represent consensus earnings multiples.

Source: Bloomberg, latest full year statutory accounts, latest interim accounts, company announcements and LEA analysis.

Integrated Research Limited

- 2 Integrated Research is global provider of systems and management software for business critical computing, unified communications and payments networks to financial institutions, telecommunications companies, airlines and energy providers, as well as companies operating in other industries. The company serves customers in more than 60 countries through direct sales offices located in Australia, the US, UK, Germany and Singapore.

GBST Holdings Limited

- 3 GBST provides technology services to the financial services industry. The company's software solutions include accounting and securities transaction, fund administration and registry software and it primarily serves retail broking, institutional capital markets, wealth management and banking customers. GBST is headquartered in Brisbane and employs more than 550 people in offices throughout Australia, the US, UK and Asia.

Appendix C

Reckon Limited

- 4 Reckon provides accounting software solutions for accounting and bookkeeping professionals, small to medium sized businesses and personal wealth management customers across Australia and New Zealand. Reckon's software solutions include accounting and accounts production, tax, cost recovery and cost management solutions. The company also provides a range of document management solutions.

Objective Corporation Limited

- 5 Objective Corporation provides content, collaboration and process management software solutions to healthcare, financial services, insurance and utility companies as well as various local, state and central governments. The company primarily serves customers in the Asia Pacific region and Europe.

Prophecy International Holdings Limited

- 6 Prophecy International provides a range of computer software applications and services predominantly through its SNARE and eMite software products. SNARE facilitates the collection, analysis, reporting, management and archiving of information technology event information while eMite provides a service intelligence platform which delivers business intelligence analytics to enterprise customers.

Rubik Financial Limited

- 7 Rubik Financial provides software solutions to financial planning, mortgage broking and banking customers. The company's Wealth, Banking and Mortgages segments deliver a range of solutions including CRM, commission tracking, collection software as well as a mortgage gateway. Rubik Financial is headquartered in Sydney and serves approximately 200 banking organisations in 16 countries.

Transaction evidence

Summary of implied transaction multiples							
Date ⁽¹⁾	Target	Acquirer	EV ⁽²⁾	EBITDA multiple		EBITA multiple	
			100% million	Historical x	Forecast x	Historical x	Forecast x
Most relevant transactions							
Dec 13	Property Data Solutions	Fairfax Media	29	na	na	na	10.5 ⁽³⁾
May 11	Console and PortPlus	Onthehouse	58	9.5	5.9	na	na
Jan 11	RP Data	CoreLogic	289	na	11.1 ⁽⁴⁾	na	17.5 ⁽⁴⁾
Other software transactions⁽⁵⁾							
Mar 16	Medical Director	Affinity Equity Partners	155	7.8	na	8.8	na
Jul 15	eMite	Prophecy International	18	na	na	na	5.9
Jan 15	Finzsoft Solutions	Silverlake Axis	27	19.2	5.1	na	na
Oct 14	Leadtec	SPS Commerce	17	5.8	na	10.5	na
Jun 14	Stargate Information Systems and Infinitive	Rubik Financial	26	6.8	na	na	na
Jun 13	Bravura Solutions	Ironbridge Capital	189	8.5	na	15.4	na
Jun 13	ISS Group	P2 Energy Solutions	39	13.5	12.9 ⁽⁴⁾	15.0	na
Mar 13	Nintex Group	TA Associates and Updata Partners	205	na	10.9	na	11.2
Jul 12	COIN Software	Rubik Financial	27	5.1	na	na	na
Aug 11	QMASTOR ⁽⁶⁾	Triple Point Technology	28	8.3	5.0	na	na
May 10	ValEX Group and Sandstone Technology's VMS Division	RP Data	46	na	5.0	na	8.1

Note:

- 1 Date of announcement.
 - 2 Enterprise value on a 100% basis, unless otherwise stated.
 - 3 The Property Data Solutions multiple is based on profit before tax. The company did not have any interest bearing liabilities on the date that it was acquired.
 - 4 Forecast multiples based on future maintainable earnings provided in the IER for the transaction.
 - 5 Based on transactions with an EV of between \$10 million and \$250 million.
 - 6 Multiples based on the revised offer price for 100% of the shares in QMASTOR.
- na – not available.

Source: LEA analysis using data from company announcements, company annual reports and analyst reports.

Glossary

Term	Meaning
ABS	Australian Bureau of Statistics
ADI	Approved deposit-taking institution
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
CAGR	Compound annual growth rate
COD	Consumer Online Division
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Corporations Regulations	<i>Corporations Regulations 2001</i>
CRM	Customer relationship management
DCF	Discounted cash flow
Deed	Scheme Implementation Deed between Onthehouse and the Consortium
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation of acquired intangibles
EBITDA	Earnings before interest, tax, depreciation
EV	Enterprise value
FOS	Financial Ombudsman Services Limited
FSG	Financial Services Guide
FY	Financial year
IER	Independent expert's report
Index	S&P / ASX 300 Index
LEA	LonerGAN Edwards & Associates Limited
Macquarie Group	Macquarie Group Limited
NPV	Net present value
Onthehouse / the Company	Onthehouse Holdings Limited
RBA	Reserve Bank of Australia
REAN	The Ad Network Pty Limited
RES	Real Estate Solutions Division
Residex	Residex Pty Limited
RG 111	Regulatory Guide 111 – <i>Content of expert reports</i>
RP Data	RP Data Pty Ltd
SaaS	Software as a service
Scheme	Scheme of arrangement between Onthehouse and its shareholders
Scheme Consideration the Consortium	\$0.85 cash per share Macquarie Group, Michael Dempsey and Daniel Dempsey
UK	United Kingdom
US	United States of America
VWAP	Volume weighted average price
WANOS	Weighted average number of shares outstanding

Attachment E Sample Proxy Form



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

By Phone: (within Australia) 1300 737 760

(outside Australia) +61 2 9290 9600

PROXY FORM FOR SCHEME MEETING

YOUR VOTE IS IMPORTANT

For your vote or proxy form to be effective it must be received **before 10:00am (Brisbane time) on Monday 10 October 2016.**

TO VOTE ONLINE

- STEP 1: VISIT www.votingonline.com.au/othscheme2016
- 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:

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

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

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

STEP 3 SIGN THE FORM

The form must be signed as follows:

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

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

Power of Attorney: to sign under a Power of Attorney, you must lodge your Power of Attorney with the registry before 10:00am (Brisbane time) on Monday 10 October 2016.

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 **10:00am (Brisbane time) on Monday 10 October 2016.** 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 www.votingonline.com.au/othscheme2016

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.

Onthehouse Holdings Limited

ACN 150 139 781

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 SCHEME MEETING

STEP 1 APPOINT A PROXY

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

the Chair of the Meeting (mark box)

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Scheme Meeting of the Company to be held at the **Onthehouse Holdings Limited Office, Level 2, 200 Adelaide St, Brisbane, QLD 4000 on Wednesday 12 October 2016** immediately after the closure of the Extraordinary General Meeting, to be held at **10:00am (Brisbane time)** at the same location, and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit.

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

STEP 2 VOTING DIRECTIONS
* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

Resolution 1 "That, pursuant to and in accordance with section 411 of the Corporations Act, the Scheme, the terms of which are contained in and more particularly described in the Scheme Booklet (of which this Notice of Scheme Meeting forms part) is approved (with or without modification as approved by the Court)"

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS
This form must be signed to enable your directions to be implemented.

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director

Joint Securityholder 3 (Individual)

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016

Attachment F List of Onthehouse's ASX Announcements

Date	Announcement
16/09/2015	Change in substantial holding - Blue Lake
25/09/2015	Notice of Annual General Meeting/Proxy Form
1/10/2015	Onthehouse Announces Launch
7/10/2015	Onthehouse appoints Corporate Advisor
8/10/2015	Becoming a substantial holder from SNC
8/10/2015	Replacement Notice - Becoming a substantial holder from SNC
20/10/2015	CEO Contract Terms Varied
29/10/2015	AGM Address and Presentation
29/10/2015	Results of AGM
2/11/2015	Change of Director's Interest Notice - Johnson
2/11/2015	Change of Director's Interest Notice - D Dempsey
2/11/2015	Appendix 3B
2/11/2015	Change of Director's Interest Notice - Hickson
2/11/2015	Change of Director's Interest Notice - Scotton
4/11/2015	Appendix 3B
4/11/2015	Change of Director's Interest Notice - M Dempsey
5/11/2015	Change of Director's Interest Notice - Scotton
12/11/2015	Change in substantial holding - Bluelake
23/12/2015	Becoming a substantial holder from MQG
23/12/2015	Becoming a substantial holder
24/12/2015	Unsolicited Non-binding Conditional Indicative Proposal
24/12/2015	Becoming a substantial holder
30/12/2015	Change in substantial holding from SNC
7/01/2016	Appointment of Allier Capital and TMT Partners
12/01/2016	Change in substantial holding

21/01/2016	Onthehouse Rejects Non-Binding Indicative Proposal
21/01/2016	Onthehouse Company Update
26/02/2016	Half Year Accounts
26/02/2016	Onthehouse announces FY16 Half Year Results
26/02/2016	Onthehouse Investor Presentation
9/03/2016	OTH - Revised Non-binding Conditional Proposal Received
11/03/2016	Response to Non-Binding Conditional Offer
11/05/2016	Onthehouse - Market Update
21/06/2016	OTH - Market Update
06/07/2016	Onthehouse and Consortium Enter Into Scheme Implementation
13/07/2016	Change in substantial holding from SNC
01/08/2016	OTH - CEO Variation to Contract Terms
16/08/2016	OTH – Investor Teleconference Details
22/08/2016	Appendix 4E and Annual Report
22/08/2016	Appendix 4G
22/08/2016	OTH Full Year 2016 Results Presentation
25/08/2016	Scheme Timetable Update & COD Ratification