

May 9, 2018

Listed company: LIFULL Co., Ltd.  
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## **Announcement of the Agreement for Commencement of Friendly Acquisition of 100% Ownership of Mitula Group Limited and the Decision to Hold a Special Meeting of Shareholders**

The Company hereby announces that, today, it entered into a scheme implementation deed for a transaction to acquire all outstanding shares (“Mitula Shares”) of Mitula Group Limited (“Mitula”), a company organized under the Corporations Act of Australia (the “Australian Corporations Act”) and listed on the Australian Securities Exchange, and to make Mitula a wholly-owned subsidiary of the Company (the “Acquisition”) by means of a scheme of arrangement under the Australian Corporations Act in exchange for the common shares of the Company and cash (the “Scheme of Arrangement”).

The Board of Mitula Group will unanimously recommend that the Mitula shareholders vote in favour of the Scheme of Arrangement in the absence of a superior proposal and subject to an independent expert concluding that the Scheme of Arrangement is in the best interests of Mitula shareholders.

At the board of directors meeting held today, the Company passed a resolution to hold a special meeting of shareholders during which a proposal will be made for the issuance of common shares, which will be used as consideration for the Acquisition, at a favorable price.

### **1. Background of the Acquisition**

Since its founding, the Company has provided real estate information service and various other information relating to day-to-day life under the management philosophy of “constantly innovating to create a structure for a society that enables more people to enjoy genuine ‘peace of mind’ and ‘happiness’.”

Last year, on the 20<sup>th</sup> anniversary of its founding, the Company changed its name from “NEXT Co., Ltd.” to “LIFULL Co., Ltd.” based on its desire “to provide services that enable everyone to live a fulfilling life” and its view towards global expansion in the future, and the Company is pursuing further innovation of its services.

The Company is considering to expand its business to various fields in the future based on this policy, but as a matter of initial focus, the pillars of its medium to long-term strategy will be the “transformation and revitalization of the Japanese real estate market” and the “creation of a global platform.”

The Company is aggressively investing in “LIFULL HOME’S”, one of the largest real estate information websites in Japan, as well as in information visualization that utilizes advanced technology such as AI and Big Data and in new fields of service such as vacation rental (peer-to-peer property rental).

In November 2014, the Company acquired Trovit Search S.L. (“Trovit”), a Spanish company that operates one of the world’s largest classifieds aggregator for real estate, cars and jobs. Trovit helps people find the most relevant ads published in thousands of classified websites, saving them the time it would take to surf all those pages individually. Trovit is currently providing services in 57 countries with more than 1 billion visits annually. To further expand their classifieds aggregator service worldwide, the Company has agreed to acquire Mitula (established in 2009 and listed on the Australian Securities Exchange), a leading digital classifieds group operating classifieds vertical search, with over 200 vertical search sites across property, employment, motoring

and fashion and 10 property portals, in 54 different countries and 19 different languages.

Through the combination of both Trovit and Mitula's advanced technology, know-how and management, the Company expects to expand their commitment to provide a superior search experience and a broader range of client services and opportunities to help people find their next home, cars or job.

(\*) An aggregator website aggregates information from multiple websites and allows users to view such information on a single website.

## **2. Significance of the Acquisition**

The significance of the Acquisition is explained below:

- Under the slogan of “becoming the world’s premier life database and solutions company,” the Company accumulates data regarding real estate and day-to-day life from around the world through LIFULL HOME’s and Trovit. The Company believes that, through the Acquisition, it will be able to add the real estate, job listing, used car and fashion data in Mitula’s possession and use it to deliver a superior quality service, thereby improving profitability by offering new value to their users and clients.
- Trovit and Mitula are both based in Spain and operate aggregator websites. The Company believes that the integrated operation of these companies will result in a stronger structure that can take full advantage of the companies’ respective strengths and accelerate its future growth strategy.
- After the Acquisition, the Company’s policy will be to combine the management resources of each of the existing companies in the Company Group with the management resources of Mitula, which will be joining the Company Group, and to also make strategic investments, including domestic and overseas M&A in growth areas that will be necessary to execute its medium to long-term strategy. Trovit and Mitula are both profitable, are being operated on a debt-free basis and the Company will be using cash as well as the Company shares as consideration for the Acquisition, so the Company believes that, even after the completion of the Acquisition, the Company Group will be able to secure funds for investment to accelerate its growth strategy.
- Because the Acquisition will be carried out by allotting cash and the Company shares to Mitula shareholders, Mitula shareholders will be given the opportunity to own the Company shares, which are more liquid than Mitula shares, and the increase in the Company’s enterprise value that results from the achievement of its growth strategy will benefit both the existing shareholders of the Company and Mitula shareholders who will become shareholders of the Company as a result of the Acquisition, so the Company believes that the Acquisition will have great significance for Mitula shareholders.

## **3. Method and Procedure of Acquisition**

### **(1) Method of the Acquisition**

The Acquisition will be a transaction for the purpose of acquiring all of the Mitula Shares and in which Mitula will become a wholly-owned subsidiary of the Company by means of a scheme of arrangement under the Australian Corporations Act. A scheme of arrangement, which will be used in the Acquisition, is a procedure for uniformly changing the capital structure of a company through the approval of a shareholders meeting and court approval rather than by individual agreement with shareholders and other relevant parties, and in the case of the Acquisition, it will be possible to acquire 100% of the Mitula Shares by obtaining the approval of a Mitula shareholders meeting and the approval of an Australian court. The approval of this scheme of arrangement by a meeting of Mitula shareholders will require i) a majority (at least 50%) of MAD shareholders present and voting at the Scheme Meeting (either in person or by proxy or by representative) and ii) at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by MAD shareholders.

The consideration for the Acquisition will be the Company common shares (the “Stock Consideration”) and cash (the “Cash Consideration”). Generally, any Mitula shareholder listed in the final shareholder register (the “Final Mitula Shareholder(s)”) on the record date when the Mitula shareholders entitled to receive the consideration for the scheme of arrangement will be determined (the “Final Mitula

Shareholder Record Date”) will receive the Cash Consideration for the Mitula Shares owned by the shareholder (but only 20,000 shares if the shareholder owns over 20,000 Mitula Shares, in that case such shareholder will receive the Stock Consideration for the balance). The Final Mitula Shareholders who perform the prescribed procedure within the prescribed period (the “Stock Consideration Election Procedure”) may elect to receive the Stock Consideration for all of their own Mitula Shares. Among the Final Mitula Shareholders who own only a small number of Mitula Shares, there could be a considerable number who do not wish to continue investing in the Company common shares following the Acquisition and will seek to immediately convert the granted Company common shares into cash, so the Company has created this by considering the distribution of Mitula shares to make it possible for such individuals to receive the consideration for the Acquisition directly in the form of cash and avoid having to open a securities account in accordance with the book-entry transfer system in Japan. In the event that the Scheme of Arrangement is implemented, AUD 0.80 per Mitula Share will be paid to Mitula Shareholders as Cash Consideration.

In the event that the Scheme of Arrangement is implemented, (A) the number of the Company common shares (rounded down to the nearest whole number) that is equal to the number of Mitula Shares that each Final Mitula Shareholder owns on the Final Mitula Shareholder Record Date multiplied by the Allotment Ratio will be provided to each Final Mitula Shareholder who performed the Stock Consideration Election Procedure within the prescribed period, and (B) the number of the Company common shares (rounded down to the nearest whole number) that is equal to the number of Mitula Shares that each Mitula Shareholder owns on the Final Mitula Shareholder Record Date subtracted by 20,000 shares and then multiplied by the Allotment Ratio will be provided to each Final Mitula Shareholder who did not perform the Stock Consideration Election Procedure and owns over 20,000 Mitula Shares on the Final Mitula Shareholder Record Date (the Final Mitula Shareholders who will receive the Company common shares under (A) or (B) shall be collectively referred to as the “Stock-receiving Mitula Shareholders”). With regard to any fractional share that is rounded off in the calculation of (A) or (B) above, no consideration will be provided in the place of such fractional share.

To provide the Stock Consideration, the Company will issue the Company common shares up to the number of shares (18,514,334 shares after rounding off any fractional share) that is equal to 219,530,625 shares, which is the total number of outstanding shares of Mitula stock (includes the 1,173,741 shares relating to deferred shares and 2,800,000 shares relating to share options that are expected to be issued by the second hearing in an Australian court, and 150,000 shares that are expected to be issued to certain of the directors of Mitula subject to resolution of the annual general meeting of Mitula shareholders to be held on May 24, 2018; see Sec. 3(4) below for details) multiplied by 112% of the initial Allotment Ratio (0.0753) subject to (i) the special meeting of the Company shareholders passing a resolution approving a proposal for the determination of the subscription requirements regarding the shares for subscription under Article 199 of the Companies Act and the delegation of the determination of the subscription requirements regarding the shares for subscription under Article 200 of the Companies Act as set forth in Sec. 4 below, (ii) the Acquisition receiving the approval of a Mitula shareholders meeting and the approval of an Australian court. The number of shares to be issued is the sum of the number of the Company common shares that each Stock-receiving Mitula Shareholder will receive in accordance with the above, and the number of Mitula Shares that is equal to the number of such issued shares *divided by* the Allotment Ratio will be an in-kind contribution.

## (2) Allotment Ratio

The Allotment Ratio will initially be 0.0753 (the “Initial Allotment Ratio”), calculated as follows: (i) AUD 0.85, which was agreed upon as the base price of the Stock Consideration (the “Stock Consideration Base Price”), divided by (ii) (AUD) 11.29, being (JPY) 925 (determined with referral to the volume weighted average price (“VWAP”) of the Company shares for each of the 5 trading days up to and including May 8, 2018) converted to Australian dollars based on the Japan/Australia exchange price specified by the Reserve Bank of Australia on May 8, 2018 (the “Initial Company Share Valuation”).

However, the Allotment Ratio may be adjusted within a certain range based on a comparison between the VWAP of the Company shares on each of the 10 trading days up to and including the Final Mitula Shareholder Record Date that is a weighted average of the amount converted to Australian dollars based on the Japan/Australia exchange price specified by the Reserve Bank of Australia on each of

such trading days (the “Company Share Valuation for Allotment Ratio Adjustment”) and the Initial Company Share Valuation (the “Variable Allotment Ratio Method”). (The VWAP will be calculated on price of shares published by the Tokyo Stock Exchange on each respective trading day, except on trades where Mitula and the Company can reasonably agree that the published price does not reflect the fair market price of the shares, in which case the TSE price of that particular day will be disregarded in the calculations. In addition, if the Company shares are received by Mitula shareholders after the so-called right vesting date of the Company shares, VWAP of each transaction day preceding the so-called ex right date will be downward adjusted by reducing the expected dividend amount at that point of time, etc. )

If the Company Share Valuation for Allotment Ratio Adjustment is less than the Initial Company Share Valuation of AUD 11.29, the Allotment Ratio will be adjusted up to the number calculated using the formula below but only up to 0.084336, which is 112% of the Initial Allotment Ratio. In such a case, the number of shares to be issued by the Company will increase.

AUD 0.85 / Company Share Valuation for Allotment Ratio Adjustment

(Note) Round to the nearest 6th decimal place.

If this number is higher than 0.084336, which is 112% of the Initial Allotment Ratio, this number will be 0.084336.

On the other hand, if the Company Share Valuation for Allotment Ratio Adjustment is higher than AUD 12.1932, which is 108% of the Initial Company Share Valuation, the Allotment Ratio will be adjusted down to the number calculated using the formula below. In such a case, the number of shares to be issued by the Company will decrease.

AUD 0.918 (\*) / Company Share Valuation for Allotment Ratio Adjustment

\* 108% of the Stock Consideration Base Price (AUD 0.85)

(Note) Rounded to the nearest 6th decimal place.

### **(3) Method of settlement and possible partial sale of the Company common shares that will be the consideration for the acquisition**

The Company will issue common shares to provide the Stock Consideration to the Stock-receiving Mitula Shareholders, but in order for the Stock-receiving Mitula Shareholders to receive the Company common shares, they will need to open a securities account in accordance with the book-entry transfer system in Japan. However, there is expected to be a certain number of (i) Stock-receiving Mitula Shareholders who have the intention of opening a securities account but are unable to do so by the time the Acquisition is carried out, or (ii) Stock-receiving Mitula Shareholders who have no intention of opening a securities account.

In consideration of such Stock-receiving Mitula Shareholders, the Company is planning to set up the settlement system described below for receiving the Company common shares that will be the consideration for the acquisition.

First, on the Implementation date of this Scheme of Arrangement, all of the common shares that will be issued to provide the Stock Consideration will be delivered by being recorded into a pooled account that will be opened for all Stock-receiving Mitula Shareholders (the “Pooled Account B”).

With regard to Stock-receiving Mitula Shareholders who have designated a securities account for receiving the Company common shares and have notified such account information to the Company within the prescribed period, on the Settlement Completion Date (the “Settlement Completion Date”) that is within 7 business days following the implementation date of this Scheme of Arrangement, the number of the Company common shares that can be received as consideration by such Stock-receiving Mitula Shareholder will be transferred from the Pooled Account B to the account designated by the shareholder.

With regard to the Stock-receiving Mitula Shareholders who have, within the prescribed period, expressed the intention of holding the Company common shares in a pooled account that will be opened for such Stock-receiving Mitula Shareholders (the “Pooled Account A”), the number of the Company common shares that can be received as consideration by such Stock-receiving Mitula Shareholder will

be transferred from the Pooled Account B to the Pooled Account A on the settlement completion date.

The number of the Company common shares that can be received as consideration by the Stock-receiving Mitula Shareholders who do not notify the Company of their securities account information or their intention to hold the shares in the Pooled Account A within the prescribed period will continue to be kept in the Pooled Account B after the Settlement Completion Date. In such a case, if any valid notifications will not additionally be made to the Company within the prescribed period in the prescribed way, these shares in the Pooled Account B will be sold in accordance with the sales policy prescribed in the Scheme Booklet and then the sales proceeds will be paid to such shareholders in cash after deducting costs. Details will be disclosed in a timely fashion as they become evident.

#### (4) Treatment of dilutive shares in the Acquisition

Mitula will issue any deferred shares that have not yet been issued and convert them all into common shares by the second hearing in an Australian court, and the Company will acquire such shares through the Acquisition. With regard to Mitula's share options, these options will expire on July 1, 2018. With regard to the Mitula group employee share plan, the Company and Mitula have agreed that Mitula will liquidate or otherwise terminate it before the date of the scheme approval by an Australian court.

#### Timetable for the Acquisition

(Both companies) Agreement on commencement of the Acquisition procedure	May 9, 2018
Record date for the special meeting of the Company shareholders	May 14, 2018
The Company's Special Shareholders Meeting	June 28, 2018
(Mitula) First hearing in an Australian court	July 2018 (estimated)
(Mitula) Sending of the scheme booklet (shareholder disclosure document)	July 2018 (estimated)
(Mitula) Meeting of Mitula shareholders	August 2018 (estimated)
(Mitula) Approval date (second hearing and scheme approval by an Australian court)	1 -2 weeks after Meeting of Mitula shareholders (estimated)
(Mitula) Final trading day for Mitula Shares	
Final Mitula Shareholder Record Date	3 business days after Approval Date
Implementation Date	8 Business Days after Final Mitula Shareholder Record Date (estimated)
Settlement Completion Date	7 business days after the implementation date (estimated)

(Note) Upon discussion among the relevant parties, the timetable above may change pursuant to discussions with the Australian Securities and Investments Commission and the coordination of schedules with an Australian court.

#### 4. Proposals to be Made at the Special Meeting of Shareholders

The Company's Board of Directors will set the amount to be paid in for each common share that the Company will issue to provide the Stock Consideration through the Scheme of Arrangement as the amount (rounded down to the nearest whole number) that is equal to the value of the in-kind contribution (the amount (in Australian dollars) that is equal to the closing price of the Mitula Share on the Australian Securities Exchange on the final trading day (if there is no closing price on said day, the immediately preceding closing price) multiplied by the number of Mitula Shares that will be contributed in-kind, and then converted into Japanese Yen) divided by the number of issued shares. But because the minimum amount to be paid-in per share will be set at JPY 1 in light of the fact that said value cannot be determined at this time, a special resolution of shareholders will be required since there may be cases where the minimum amount to be paid-in for the shares for subscription is particularly favorable to the person who will be receiving the shares for subscription. Accordingly, the Company's Board of Directors has passed a resolution to hold a special meeting of shareholders on June 28, 2018 during which proposals will be made for the determination of the subscription requirements regarding the shares for subscription under Article 199 of the Companies Act and the delegation of the determination of the subscription requirements regarding the shares for subscription under Article 200 of the Companies Act with respect to the Company common shares that will form a part of the consideration for the Acquisition. For details regarding

the terms of issue of the shares for subscription, please refer to the Material Terms of Issue at the end of this announcement.

The Company Board of Directors has recommended to the shareholders of the Company to vote for this resolution. Additionally, Takashi Inoue, President and Representative Director of the Company has represented to Mitula his intention to vote for this resolution on the shares owned by himself.

## **5. Calculation Basis of the Consideration for the Acquisition**

### **(1) Basis and grounds for the consideration for the Acquisition**

The Company and Mitula began discussing and considering the Acquisition around late August, 2017. The Company subsequently studied the feasibility of the Acquisition and held discussions with Mitula and the relevant authorities, and after much careful discussion and consideration, it has now concluded that the Acquisition is the best course of action for the sustainable growth and the enhancement of the medium to long-term enterprise value of the companies.

To ensure fairness and reasonableness when calculating the value of the Mitula Shares and the allotment ratio that will be used for the Acquisition, the Company has decided to retain a third-party appraiser that is independent from the Company and Mitula and has selected KPMG FAS Co., Ltd. (“KPMG”) as the third-party appraiser.

After considering the Company’s projected Mitula business value and anticipated synergy effects along with calculation results submitted by KPMG as well as other factors such as the financial condition, trends in business performance, and trends in the share price of the Company and MAD and engaging in careful discussion and negotiation with Mitula, the Company has determined for the reasons provided below that it is reasonable (i) to pay AUD 0.80 per Mitula Share as Cash Consideration while (ii) using the Variable Allotment Ratio Method for the Stock Consideration with a Stock Consideration Base Price of AUD 0.85 per Mitula Share, and the Company decided at the Board of Directors meeting held today that the Company will carry out the Acquisition.

The (i) Cash Consideration of AUD 0.80 per Mitula Share and (ii) the Stock Consideration Base Price of AUD 0.85 represent a premium of approximately 88.9% over the market price of the Mitula Shares on May 8, 2018, but the Company has determined that they are set at a reasonable level because they fall within the range of the calculation results set forth in “(2)(ii) Overview of the calculation” below.

The Cash Consideration is AUD 0.05 lower than the Stock Consideration Base Price, but this takes into account the fact that a company listed on the Australian Securities Exchange, there is a difference between receiving cash in the local currency (Australian dollars) on the Settlement Completion Date and receiving the Company shares listed on the Tokyo Stock Exchange, which is an overseas financial instruments exchange from an Australian standpoint, and by receiving the Cash Consideration shareholders of Mitula receive payment on implementation and avoid incurring various costs including the costs of selling shares and foreign exchange trading fees will be incurred when converting the Stock Consideration into cash in Australian dollars.

The Company has decided to use the Variable Allotment Ratio Method because, if the Scheme of Arrangement were to be implemented based on a fixed allotment ratio at the time of the announcement, the value of the Company common shares that the Final Mitula Shareholders will receive would equal the Australian dollar equivalent the market price of the Company shares on the Implementation Date, and if the market price of the Company shares were to fluctuate during this period, it is expected that the market price of the Mitula shares would also move to reflect this. By using the Variable Allotment Ratio Method, the Stock Consideration Base Price for Mitula shares will be determined at the time of the announcement, but the number of the Company common shares that will be issued as consideration for each Mitula Share will be decided by ascertaining the VWAP of the Company shares for 10 trading days up to and including the Final Mitula Shareholder Record Date for the scheme. For Mitula shareholders, the use of the Variable Allotment Ratio Methods reduces the risk of fluctuation in the JPY-AUD exchange rate and the market price of the Company shares and will also make it possible to avoid, to a certain extent, the market price of Mitula shares

being affected by fluctuations in the market price of the Company shares that are listed on the Tokyo Stock Exchange, which is an overseas financial instruments exchange market from an Australian standpoint, during the period between the announcement and the approval of the Scheme of Arrangement. The Company believes that having this risk mitigation will be a positive factor for shareholders of Mitula when deciding whether or not to approve the Scheme of Arrangement at the meeting of Mitula shareholders. For the Company shareholders, by quantifying the consideration for acquiring 100% of Mitula in the form of the Cash Consideration (AUD 0.80) and the Stock Consideration Base Price (AUD 0.85), the Company believes that a more accurate determination can be made with respect to the reasonableness of delegating the determination of the subscription requirements regarding the shares for subscription under Article 200 of the Companies Act to the Company's Board of Directors based on the enterprise value of Mitula and synergy expected by the Company.

Because the Company common shares that will be the consideration for the Acquisition will be issued as non-monetary consideration, the Company is planning to obtain a certificate from an attorney and certified public accountant stating that "the value in Article 199(1)(iii) of the Companies Act is reasonable."

## (2) Calculation of the consideration for the Acquisition

### (i) Name of the appraiser and its relationship with the Company and Mitula

KPMG, the Company's third-party appraiser, is not related to either the Company or Mitula and do not have any material interests that should be noted with respect to the Acquisition.

### (ii) Overview of the calculation

KPMG performed its valuation of Mitula by using the market share price method because Mitula is listed on the Australian Securities Exchange and there is a market share price, the comparable company analysis method because there are multiple listed companies that are comparable to Mitula and the share value can be extrapolated from such comparable companies, and the DCF method to reflect future business activities in the valuation. The calculation results of the share value per Mitula Share according to each method are as follows:

(AUD)	
Method used	Share value per Mitula Share
Market share price method	0.43 ~ 0.50
Comparable company analysis method	1.12 ~ 1.45
DCF method	0.74 ~ 0.92

Under the market share price method, the calculation reference date was set at May 8, 2018 (the "Reference Date") and the value of Mitula shares was calculated using the closing price of Mitula common shares on the Australian Securities Exchange on the Reference Date, the simple average of the closing prices for the 1-month period preceding the Reference Date, the simple average of the closing prices for the 3-month period preceding the Reference Date, and the simple average of the closing prices for the 6-month period preceding the Reference Date, and based on these results, the share value per Mitula share was calculated to be 0.43 ~ 0.50 AUD.

Under the comparable company analysis, by comparing the financial metrics (e.g., market share price, profitability) of Mitula and comparable listed companies, the share value per Mitula share was calculated to be 1.12 ~ 1.45 AUD.

Under the DCF method, the value of Mitula shares was calculated by discounting future free cash flows to the present value at a certain discount rate, based on the information that was provided by the Company, part of which provided by Mitula to the Company. The perpetuity growth method was used to calculate the going concern value. Based on this result, the share value per Mitula share was calculated to be 0.74 ~ 0.92 AUD. The business plan for Mitula that was assumed for the calculation under the DCF method by KPMG includes fiscal years that forecast a significant fluctuation in profit. This is mainly reflecting forecasted expansion of countries where Mitula develops its business, increase of advertisement revenue by

strengthening relations with advertisers, and increase in fee income due to improvements in Mitula Group sites. KPMG has conducted interviews regarding this issue through the Company. In addition, the concerned business plan does not reflect the execution of the Acquisition.

KPMG performed its valuation of the Company by using the market share price method because the Company is listed on the First Section of the Tokyo Stock Exchange, the market capitalization is large compared with the market capitalization scale of Mitula, and its liquidity is also high. Therefore, for the purpose of calculating the market share value of the Company as consideration for share exchange, it was determined that adequate and appropriate results would be obtained by applying the market share price method.

Under the market share price method, the calculation reference date was set at May 8, 2018 (the “Reference Date”) and the value of the Company shares was calculated using the closing price of the Company common shares on the First Section of the Tokyo Stock Exchange on the Reference Date, the simple average of the closing prices for the 1-month period preceding the Reference Date, the simple average of the closing prices for the 3-month period preceding the Reference Date, and the simple average of the closing prices for the 6-month period preceding the Reference Date.

The calculation results of the share exchange ratio that is based on the calculation results according to each method and where the per-share value of the Company common shares is set at 1 are as follows:

Method used	Calculation results of the share exchange ratio
Market share price method	0.036868 ~ 0.045488
Comparable company analysis	0.095416 ~ 0.131278
DCF method	0.063103 ~ 0.083619

When performing the calculation above, KPMG generally relied on the information provided by the Company as well as publicly available information. KPMG assumed that as such materials and information are accurate and complete and that there are no facts that have not been disclosed to KPMG and that may have a material effect on its calculation, and has not independently verified their accuracy and completeness. It also has not performed any independent valuation, appraisal, or evaluation of a hired third party to perform any appraisal or evaluation of the assets or liabilities (including contingent liabilities) of these companies and their affiliates, including any analysis or valuation of each individual asset or liability. KPMG’s calculation of the allotment ratio reflects the information and economic conditions up to May 8, 2018 and assumes that the financial projections by the companies were reasonably considered or prepared based on the best projections and judgment that the management of the companies could make at this time. The calculation results submitted by KPMG does not express any opinion regarding the fairness of the price or allotment ratio for the Acquisition.

The Company has confirmed the reasonableness of KPMG’s calculation results by receiving an explanation from KPMG regarding the valuation method, assumptions, and calculation process for the value of the companies’ shares in the Acquisition.

**(3) Measures to ensure fairness**

The Company retained KPMG, a third-party appraiser that is independent from the Company and Mitula, to analyze the value of the Mitula Shares and the allotment ratio and has received the results of its analysis. As noted above, because the Company common shares that will be the consideration for the Acquisition will be issued as non-monetary consideration, pursuant to Article 207(9)(iv) of the Companies Act, the Company is planning to obtain a certificate from Mr. Naomichi Yamamoto, an attorney and certified public accountant, stating that “the value in Article 199(1)(iii) of the Companies Act is reasonable,” and no investigation will be performed by the inspector.

The Company has not obtained a fairness opinion from a third-party appraiser.

**(4) Measures to avoid conflicts of interest**

N/A



## 6. Overview of accounting treatment

The amount of goodwill and the like that will arise in the Acquisition has not yet been determined at this time, and the Company will announce the details of the accounting treatment when they have been determined.

## 7. Overview of the Parties to the Acquisition

	Acquiring company	Target company								
(1) Name	LIFULL Co., Ltd.	Mitula								
(2) Address	1-4-4 Kojimachi Chiyoda-ku, Tokyo	Level 6, 330 Collins Street Melbourne VIC 3000, Australia								
(3) Name and title of representative	Takashi Inoue, Representative Director	Simon Baker, Chairman Gonzalo del Pozo, CEO and Executive Director								
(4) Description of business	HOME's-related businesses Overseas business Other businesses	Operation of aggregator websites and web portals in the areas of real estate, jobs, used cars, and fashion								
(5) Stated capital	JPY 3,999,578,000	AUD 33,826,233								
(6) Date of incorporation	March 12, 1997	2009								
(7) Outstanding shares	118,789,100 shares	215,406,884 shares								
(8) End of fiscal year	September 30	December 31								
(9) Number of employees	1,001	-								
(10) Main business partners	Rakuten, Inc. Apaman Network Co., Ltd. Minimini Co., Ltd.	-								
(11) Main financing banks	Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd.	-								
(12) Major shareholders and their shareholding percentages	Takashi Inoue 27.73% Rakuten, Inc. 20.03%	Gonzalo del Pozo Sanchez: 12.45% Marcelo Badimon Reverter: 12.42% Gonzalo Ortiz Sanz: 11.38% HSBC Custody Nominees (Australia) Limited: 15.37%								
(13) Consolidated subsidiaries	Trovit Search, S.L. LIFULL senior Co., Ltd. LIFULL MOVE Co., Ltd. LIFULL SPACE Co., Ltd. LIFULL FinTech Co., Ltd. LIFULL Marketing Partners Co., Ltd. 8 other companies	Mitula Classified SL Lokku Limited Mitula Group Pte Ltd Mitula Classified China Limited Nestoria UK Limited Nestoria Spain SL Nesutoria Brasil Buscador de imoveris Ltda Nestoria India Property Search Services Private Limited Dot Property Pte Ltd Dot property Co Ltd Dot Services Philippines Inc Dot Media Co Ltd Kleding BV								
(14) Relationship between the parties	<table border="1"> <tr> <td>Capital relationship</td> <td>None</td> </tr> <tr> <td>HR relationship</td> <td>None</td> </tr> <tr> <td>Business relationship</td> <td>None</td> </tr> <tr> <td>Whether the parties are related parties</td> <td>-</td> </tr> </table>		Capital relationship	None	HR relationship	None	Business relationship	None	Whether the parties are related parties	-
Capital relationship	None									
HR relationship	None									
Business relationship	None									
Whether the parties are related parties	-									

(15) Business results and financial condition in the past 3 years						
Fiscal year	Company (consolidated, International Accounting Standards)			Mitula (consolidated, International Accounting Standards)		
	March 2016	March 2017	September 2017	December 2015	December 2016	December 2017
	(JPY million unless otherwise noted)			(AUD thousand, JPY million in parentheses (*1), unless otherwise noted)		
Total equity	17,142	18,815	19,293	32,732 (2,887)	48,893 (4,313)	55,684 (4,912)
Total assets	25,266	27,110	26,364	36,638 (3,232)	53,020 (4,677)	62,008 (5,470)
Equity per share attributable to owners of the parent company (JPY)	JPY 142.54	JPY 155.59	JPY 161.96	-	-	-
Sales revenue	25,708	29,920	15,949	20,568 (1,814)	28,023 (2,472)	33,595 (2,963)
Operating profit	3,995	4,066	1,017	-	-	-
Income before taxes	4,018	4,087	957	4,387 (387)	10,482 (925)	6,914 (610)
Income	2,711	2,812	483	2,589 (228)	8,174 (721)	5,278 (466)
Income per share attributable to owners of the parent company (JPY, AUD)	JPY 22.87	JPY 23.30	JPY 4.12	AUD 0.0137 (JPY 1.2085)	AUD 0.0389 (JPY 3.4314)	AUD 0.0247 (JPY 2.1788)
Dividend per share (JPY, AUD)	JPY 4.50	JPY 5.66	JPY 0.82	AUD 0.0139 (*2) (JPY 1.2261)	-	-

(\*1) Converted using the telegraphic transfer middle rate (TTM) announced by Mizuho Bank, Ltd. on December 29, 2017 (AUD 1 = JPY 88.21).

(\*2) This is the total amount of dividends for the relevant fiscal year (AUD 2,896,072) divided by the number of outstanding shares at the end of the fiscal year (208,737,689 shares).

## 8. Future Outlook

The Company will announce the effect that the Acquisition will have on its business performance when it becomes available.

## Material Terms of Issue

1. Type of shares for subscription	Company common shares
2. Maximum number of shares for subscription	18,514,334 shares (the number of shares for subscription will be the number that is set by the Company's Board of Directors as the sum of the Company common shares that will be received by each Mitula shareholder who will be receiving the Company common shares (the "Allottee Target Company Shareholder") pursuant to a scheme of arrangement (the "Scheme of Arrangement") for the Transaction (defined below))
3. Minimum amount to be paid-in per share	JPY 1 (the Company's Board of Directors will set the amount to be paid-in per share to be the "value of the in-kind contribution" <i>divided by</i> the "number of shares for subscription" (rounded down to the nearest whole number))
4. Total amount to be paid-in	The "amount to be paid-in per share" <i>multiplied by</i> the "number of shares for subscription"
5. Method for contributing non-monetary property	The subject of the contribution will be Mitula common shares (the "Target Company Shares"), a non-monetary property.
6. Description of the in-kind contribution	The number of the Target Company Shares that is equal to the "number of shares for subscription" <i>divided by</i> the Allotment Ratio (defined below) (the "In-kind Contribution Target Company Shares").
7. Allotment ratio	The Allotment Ratio will be AUD 1.129 billion (rounded to the nearest 4th decimal place) (the "Initial Allotment Ratio"), which is equal to AUD 0.85 (the "Target Company Share Valuation") <i>divided by</i> 0.0753 (the "Initial Company Share Valuation"), provided that (i) if the volume weighted average price (The VWAP will be calculated on price of shares published by the Tokyo Stock Exchange on each respective trading day, except on trades where Mitula and the Company can reasonably agree that the published price does not reflect the fair market price of the shares, in which case the TSE price of that particular day will be disregarded in the calculations. In addition, if the Company shares are received by Mitula shareholders after the so-called right vesting date of the Company shares, VWAP of each transaction day preceeding the ex right date will be downward adjusted by reducing the expected dividend amount at that point of time, etc.) of the Company common shares on the Tokyo Stock Exchange for each of the 10 trading days up to and including the Record Date when the Mitula shareholders entitled to receive the consideration for the Scheme of Arrangement will be determined that is a weighted average of the amount converted to Australian dollars based on the Japan/Australia exchange price specified by the Reserve Bank of Australia on each of such trading days (the "Company Share Valuation for Allotment Ratio Adjustment") is less than the Initial Company Share Valuation of AUD 1.129 billion, the Allotment Ratio will be adjusted up from the Initial Allotment Ratio to the number (rounded to the nearest 6th decimal place) that is equal to the Target Company Share Valuation of AUD 0.85 <i>divided by</i> the Company Share Valuation for Allotment Ratio Adjustment (but if this number is higher than 0.084336, which is 112% of the Initial Allotment Ratio, 0.084336), and (ii) if the Company Share Valuation for Allotment Ratio Adjustment is higher than AUD 12.1932, which is 108% of the Initial Company Share Valuations, the Allotment Ratio will be adjusted down from the Initial Allotment Ratio to the number (rounded to the nearest 6th decimal place) that is equal to AUD 0.918, which is 108% of the Target Company Share Valuation, <i>divided by</i> the Company Share Valuation for Allotment Ratio Adjustment. For each share of the In-kind Contribution Target Company Shares, the Company common shares will be allotted based on the Allotment Ratio.
8. Value of the in-kind contribution	The closing price (AUD) of the Target Company Shares on the Australian Securities Exchange on the final trading day (the "Value Determination Date") (if there is no closing price on said day, the immediately preceding closing price) <i>multiplied by</i> the number of the In-kind Contribution Target Company Shares, converted into Japanese Yen based on the Japan/Australia exchange price specified by the Reserve Bank of Australia on the Value Determination Date.

9. Amount of increase in stated capital and capital surplus	The amount of increase in the stated capital will be 50% of the maximum amount of increase in stated capital, etc. that is calculated according to Article 14(1) of the Corporate Accounting Rules, and any amount less than JPY 1 that result from the calculation will be rounded up. The amount of increase in the capital surplus will be the amount equal to such maximum amount of increase in stated capital, etc. <i>subtracted by</i> the amount of increase in the stated capital.
10. Subscription method	Upon the satisfaction of certain conditions, the Company will acquire all of the Target Company Shares through the scheme of arrangement procedure under the Corporations Act of Australia, the law under which Mitula was incorporated (the "Transaction"). Under the Scheme of Arrangement, the Company will issue the Company common shares as consideration for acquiring the In-kind Contribution Target Company Shares owned by the Allottee Target Company Shareholders.
11. Date or period when the in-kind contribution will be provided	The date decided by the Company's Board of Directors as the implementation date of the Scheme of Arrangement
12. Other matters	Each of the items above will be subject to the Scheme of Arrangement being approved by a meeting of Mitula shareholders and an Australian court, etc.
13. Delegation of determination	All matters required for the subscription requirements regarding the shares for subscription (other than the matters set forth above) will be determined by a resolution of the Company's Board of Directors.