



Frontier Digital Ventures Limited ACN 609 183 959

# Prospectus

For the fully underwritten initial public offering of 60 million Shares in Frontier Digital Ventures Limited at an Offer Price of \$0.50 per Share to raise \$30 million.

## UNDERWRITERS AND JOINT LEAD MANAGERS



## IMPORTANT INFORMATION

*This is an important document that should be read in full. If you do not understand it, consult your professional advisers.*

# Important notices

## OFFER

This Prospectus is issued by Frontier Digital Ventures Limited (ACN 609 183 959) (**Frontier** or **Company**) for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). The offer contained in this Prospectus is an initial public offering to acquire fully paid ordinary shares (**Shares**) in the Company (**Offer**).

## LODGEMENT AND LISTING

This Prospectus is dated 2 August 2016 and a copy was lodged with the Australian Securities and Investment Commission (**ASIC**) on that date (**Prospectus Date**). Frontier will apply to ASX Limited (**ASX**) within 7 days after the Prospectus Date for admission of the Company to the official list and quotation of its Shares on the ASX. None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

As set out in Section 7.12.3, it is expected that the Shares will be quoted on the ASX initially on a deferred settlement basis. The Company, Computershare Investor Services Pty Limited (**Share Registry**), and the Underwriters disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

## EXPIRY DATE

This Prospectus expires on the date that is 13 months after the Prospectus Date (**Expiry Date**) and no Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date.

## NOTE TO APPLICANTS

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Company. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital by the Company or any return on investment made pursuant to this Prospectus.

This Prospectus includes information regarding past performance of Frontier. Investors should be aware that past performance is not indicative of future performance.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus that is not contained in this

Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company, the Underwriters or any other person in connection with the Offer. You should rely only on information contained in this Prospectus.

## FINANCIAL INFORMATION PRESENTATION

Section 4 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that information is set out in Section 4.2.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles described in the Australian Accounting Standards (**AAS**) (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board.

Given the fact that the Company is in an early stage of development, there are significant uncertainties associated with forecasting the future revenues and expenses of Frontier. On this basis the Directors believe that there is no reasonable basis for the inclusion of financial forecasts in this Prospectus.

All financial amounts contained in this Prospectus are expressed in Australian currency, unless otherwise stated. Any discrepancies between totals and sums of components in tables and figures contained in this Prospectus are due to rounding.

The Historical Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 4.

## EXCHANGE RATE

The functional currency for Frontier Singapore, a company incorporated in Singapore, is USD, whilst the presentation currency for the Frontier Group is AUD. Exchange rates used in preparing the accounts of Frontier Singapore in USD and presentation of Frontier Financial Information presented in this Prospectus in AUD are as follows:

Table 1: Exchange Rates

	CY14		CY15	
	Spot Rate	Average	Spot Rate	Average
AUD : USD	0.8186	0.8983	0.7299	0.7517
SGD : USD	0.7563	0.7880	0.7068	0.7279
GHS : USD	0.3123	0.3373	0.2620	0.2659
PKR : USD	0.0099	0.0098	0.0095	0.0097
MMK : USD	0.0010	0.0010	0.0008	0.0009
CHF : USD	1.0098	1.0916	1.0074	1.0359
LKR : USD	0.0076	0.0077	0.0069	0.0074
MAD : USD	0.1106	0.1187	0.1010	0.1028
COP : USD	0.0004	0.0005	0.0003	0.0004
MZN : USD	0.0302	0.0320	0.0213	0.0263
SEK : USD	0.1289	0.1456	0.1187	0.1190
GBP : USD	1.5574	1.6460	1.4803	1.5287
NGN : USD	0.0055	0.0060	0.0050	0.0051

The spot exchange rate is the exchange rate as at 31 December of the relevant year. The average exchange rates used for CY14 are based on the average month exchange rate from 31 March 2014 through 31 December 2014, and the average exchange rates used for CY15 are based on the average month exchange rate from 1 January 2015 through 31 December 2015.<sup>1</sup>

## FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. Any forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the control of Frontier. The forward-looking statements should be read in conjunction with, and qualified by reference to, the risk factors as set out in Section 5 and other information contained in this Prospectus.

The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward-looking statements. Frontier does not intend to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

This Prospectus uses market data and third party estimates and projections. Frontier has obtained significant portions of this information from market research prepared by third parties. There is no assurance that any of the third party estimates or projections contained in this information will be achieved. Frontier has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

## FOREIGN JURISDICTIONS

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia.

The taxation treatment of Australian securities may not be the same as those for securities in foreign jurisdictions.

The distribution of this Prospectus outside Australia may be restricted by law, and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or any state securities laws in the United States and may not be offered, sold, pledged or transferred in the United States unless the shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and applicable US state securities laws is available.

See Section 7.9 for more details on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside Australia.

## EXPOSURE PERIOD

The Corporations Act prohibits Frontier from processing applications in the seven day period after the Prospectus Date (**Exposure Period**). This period may be extended by ASIC by up to a further seven days (that is, up to a total of 14 days). The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of certain deficiencies in this Prospectus in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period.

## PROSPECTUS AVAILABILITY

During the Offer Period, a paper copy of this Prospectus is available free of charge to any Broker Firm Offer Applicant in Australia by calling 1300 615 241 (within Australia) or +61 3 9415 4078 (outside Australia) from 9:00am to 5:00pm (AEST) Monday to Friday (excluding public holidays). This Prospectus is also available to Broker Firm Offer Applicants in Australia in electronic form at the Company's website [www.frontierdv.com](http://www.frontierdv.com).

The Offer constituted by this Prospectus in electronic form is available only to persons downloading or printing it within Australia and is not available to persons in any other jurisdiction (including the United States). Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus.

## APPLICATIONS

Applications may be made only during the Offer Period on the Broker Firm Offer Application Form (referred to as an **Application Form**) attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form, which must be downloaded in its entirety from [www.frontierdv.com](http://www.frontierdv.com). By making an Application, you represent and warrant that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

<sup>1</sup> Rates are sourced from [www.oanda.com/currency/historical-rates/](http://www.oanda.com/currency/historical-rates/).

## NO COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in Shares issued or transferred under the Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

## DEFINITIONS AND ABBREVIATIONS

Defined terms and expressions used in this Prospectus are explained in the Glossary at the end of this Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to Australian Eastern Standard Time (AEST).

## PHOTOGRAPHS AND DIAGRAMS

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by Frontier. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

## PRIVACY

By filling out the Application Form to apply for Shares, you are providing personal information to Frontier through Frontier's service provider, the Share Registry. Frontier, and the Share Registry on its behalf, collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Some of this personal information is collected as required or authorised by certain laws including the Income Tax Assessment Act 1997 (Cth) and the Corporations Act.

If you do not provide the information requested in the Application Form, Frontier and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by Frontier that it considers may be of interest to you.

Your personal information may also be provided to Frontier's agents and service providers on the basis that they deal with such information in accordance with Frontier's privacy policy. Frontier's agents and service providers may be located outside Australia, where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;

- market research companies for the purpose of analysing Frontier's Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Company and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires Frontier to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. If you do not provide all the information requested, your Application Form may not be able to be processed.

The information contained in Frontier's register of members must remain there even if that person ceases to be a Shareholder. Information contained in Frontier's register of members is also used to facilitate dividend payments and corporate communications (including Frontier's financial results, annual reports and other information that Frontier may wish to communicate to its Shareholders) and compliance by Frontier with legal and regulatory requirements. An Applicant has a right to access and correct the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law.

Applicants can obtain a copy of Frontier's privacy policy by visiting the Company's website ([www.frontierdv.com](http://www.frontierdv.com)). The privacy policy contains further details regarding access, correction and complaint rights and procedures.

The Share Registry's complete privacy policy can be accessed by calling 1300 615 241 (within Australia) or +61 3 9415 4078 (outside Australia) from 9:00am to 5:00pm (AEST) Monday to Friday (excluding public holidays) and requesting a copy.

## OFFER WEBSITE

Any document included on the Company's website, [www.frontierdv.com](http://www.frontierdv.com) (and any reference to them) are provided for convenience only, and none of the documents or other information on the website is incorporated by reference into this Prospectus.

## QUESTIONS

If you have any questions about how to apply for Shares, please call 1300 615 241 (within Australia) or +61 3 9415 4078 (outside Australia) from 9:00am to 5:00pm (AEST) Monday to Friday (excluding public holidays). Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the Application Form.

If you have any questions about whether to invest in Frontier, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

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# Key Offer Information

KEY DATES	
Prospectus Date	2 August 2016
Broker Firm Offer open	10 August 2016
Broker Firm Offer closes	19 August 2016
Settlement of Offer	25 August 2016
Allotment of Shares	26 August 2016
Commencement of trading on ASX (on a deferred settlement basis) <b>(Completion of the Offer)</b>	26 August 2016
Expected completion of despatch of holding statements	29 August 2016
Expected commencement of trading of Shares on ASX on a normal settlement basis	30 August 2016

*This timetable is indicative only. The Company, in consultation with the Underwriters, reserve the right to vary dates of the Offer (subject to the ASX Listing Rules and the Corporations Act) without prior notice, including to close the Offer early, extend the date the Offer closes, accept late Applications or withdraw the Offer and the issue of Shares (in each case without notifying any recipient of the Prospectus or any Applicant).*

THE OFFER	
Offer Price	\$0.50
Total number of Shares offered under the Offer	60 million
Total number of Shares on issue on Completion of the Offer	216,205,924 <sup>2</sup>
Gross proceeds from the Offer	\$30 million
Indicative market capitalisation at the Offer Price <sup>3</sup>	\$108,102,962
Pro forma cash (as at 31 December 2015)	\$34.0m  Comprised of \$27.1m held by Frontier and wholly owned subsidiaries, and \$6.9m held by Operating Companies that are consolidated but not wholly owned by Frontier.

<sup>2</sup> This figure assumes that 212,948 Shares are issued to the Operating Company Vendors in respect of Lanka Property Web (Private) Limited, however the issue of these Shares is subject to conditions requiring certain approvals of the Controller of Exchange of the Central Bank of Sri Lanka. In the event that these conditions are not satisfied or waived the Issue of these Shares will not occur and the number of Shares on issue will be lower by 212,948.

<sup>3</sup> Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on issue on Completion of the Offer.

# Chairman's Letter

## DEAR INVESTOR,

On behalf of the Directors of Frontier Digital Ventures Limited, it gives me great pleasure to invite you to become a Shareholder in the Company.

Frontier is focused on developing online classifieds businesses in underdeveloped, emerging countries or regions. On Completion of the Offer, we will have shareholdings ranging from 30% to 76% in 15 Operating Companies, each of which have early stage businesses in such markets, with an early-stage advantage in either the online car, property or general classifieds space. These businesses represent a tremendous opportunity to benefit from the increasing internet connectivity and high GDP growth in their respective countries, being Pakistan, Myanmar, Sri Lanka, Tanzania, Uganda, Rwanda, Mozambique, Senegal, Ivory Coast, Cameroon, Ghana, DR Congo, Panama, Costa Rica, Nicaragua, Honduras, Angola, Nigeria and Morocco. The markets in which the Operating Companies operate are generally at an early stage of development, and at a very early stage of the print to digital transition for classified advertising. The Operating Companies therefore have an opportunity to enjoy the long-term growth and high profitability that has been witnessed in developed markets over the past 10-15 years, particularly by businesses that can establish early market leadership and benefit from the "virtuous circle" of the online classified advertising business model, as described in Frost & Sullivan's Independent Market Report in Section 2 of this Prospectus.

Frontier seeks to apply its management and operating expertise, and financial resources to accelerate the growth and leadership position of each Operating Company. As each business grows, Frontier will look to increase its equity stake in the business, with a goal to ultimately acquiring 100% ownership as each business matures.

The Company's ambition is to become the leading operator of online classifieds businesses in its Target Markets by:

- owning and operating leading digital automotive, property or general classifieds websites in such markets across the globe;
- bringing best practices in management from more developed online classifieds markets to the Operating Companies; and
- continuing to pursue further strategic investment opportunities.

Frontier's Chief Executive Officer and management team has extensive experience in emerging markets and in the online classifieds and media industries.

The Offer is being conducted to raise funds to pay deferred consideration in respect of issued shares in Frontier's Operating Companies, meet contractual commitments to subscribe for additional shares, exercise Call Options to increase Frontier's holdings in various Operating Companies, retain a cash balance to fund anticipated future investments including the potential investments described in section 3.5.5, pay the costs of the Offer and provide working capital.

Additionally, in connection with the Offer, Frontier has entered into Share Sale Agreements with shareholders of some of the Operating Companies, under which Frontier will acquire additional equity in the Operating Companies in consideration of Frontier issuing Shares to the relevant shareholders at or after Completion of the Offer.

The Offer under this Prospectus will raise \$30 million and is fully underwritten by the Underwriters, Morgans Corporate Ltd and Bell Potter Securities Ltd.

An investment in Frontier is subject to risks, including risks associated with the early-stage nature of the businesses of the Operating Companies such as not yet being in a position to generate consistent, meaningful revenue, the potential for disagreements between Frontier and other shareholders in the Operating Companies or failing to reach agreement with those other shareholders to purchase their shares in the Operating Companies should Frontier wish to increase its ownership interest, risks associated with the economic, political and legal environments in the developing countries in which the Operating Companies operate (including foreign investment restrictions) and the operations of some of the Operating Companies (such as the need to transfer shares in Operating Companies or obtain local licences), system and content integrity issues, loss of key personnel (in Frontier or the Operating Companies), declines in automotive, property and general advertising markets, or economic conditions in Frontier's Target Markets, the protection of Frontier's intellectual property and foreign currency risks. Detailed information about these risks is set out in Section 5, which I encourage you to read carefully.

The Directors believe that the Operating Companies' businesses, the growth profile of Frontier's targeted markets and Frontier's experienced Board and Chief Executive Officer provide a good platform for future growth.

On behalf of the Board, I invite you to become a Shareholder of Frontier and be a part of this exciting investment opportunity.

Yours faithfully,



**DAVID BAXBY**  
CHAIRMAN





**SECTION 1**

# Investment Overview

## 1.1 INTRODUCTION

TOPIC / SUMMARY	FOR MORE INFORMATION
<p><b>WHAT IS FRONTIER?</b></p> <p>Frontier is focused on investing in developing online classifieds businesses in underdeveloped, emerging countries or regions. On Completion of the Offer it will have shareholdings ranging from 30% to 76% in 15 Operating Companies in 19 such markets.</p>	Section 3.1
<p><b>WHAT INDUSTRY DOES FRONTIER OPERATE IN?</b></p> <p>The Operating Companies in which Frontier has invested operate in the digital automotive, property and general classifieds (ie classifieds for general goods and services) industry</p>	Section 3.1.2
<p><b>WHAT COUNTRIES DOES FRONTIER OPERATE IN?</b></p> <p>The Operating Companies in which Frontier has invested operate in Pakistan, Myanmar, Sri Lanka, Tanzania, Uganda, Rwanda, Mozambique, Senegal, Ivory Coast, Cameroon, Ghana, DR Congo, Panama, Costa Rica, Nicaragua, Honduras, Angola, Nigeria and Morocco.</p>	Section 3.1
<p><b>WHAT IS THE PURPOSE OF THE OFFER?</b></p> <p>The Offer is being conducted to:</p> <ul style="list-style-type: none"> <li>• raise funds to allow Frontier to pay deferred consideration in respect of shares acquired in the Operating Companies, meet contractual commitments to subscribe for additional shares, exercise Call Options over shares in the Operating Companies, fund anticipated future investment opportunities, strengthen the Frontier Group's balance sheet and provide working capital;</li> <li>• enable the Frontier Group, through the issue of shares pursuant to the Share Sale Agreements, to acquire additional equity in the Operating Companies;</li> <li>• provide a liquid market for the Shares and an opportunity for others to invest in the Frontier Group;</li> <li>• provide the Frontier Group with access to capital markets to improve capital management flexibility; and</li> <li>• provide the Frontier Group with the benefits of an increased profile that comes from being a listed entity.</li> </ul>	Section 7.1.3

## 1.2 KEY FEATURES OF FRONTIER'S BUSINESS MODEL

### TOPIC / SUMMARY

### FOR MORE INFORMATION

#### WHAT ARE THE OPERATING COMPANIES AND WHAT IS FRONTIER'S INTEREST IN THEM?

Details of the Operating Companies and Frontier's interest in them are summarised in the below table. Frontier may increase its interest in the Operating Companies:

- on Completion of the Offer through completion of Share Sale Agreements; and
- following the Completion of the Offer through:
  - o the payment of certain deferred consideration amounts; or
  - o on exercise of Call Options.

COUNTRY OF WEBSITE OPERATION	COMPANY NAME	BUSINESS	HOLDING ON COMPLETION OF THE OFFER (INCLUDING SHARE SALES <sup>4</sup> )	HOLDING IF CALL OPTIONS FULLY EXERCISED AND SUBSCRIPTION PAYMENTS MADE <sup>5</sup>
Cameroon, Senegal and Ivory Coast	Afribaba Holdings Pte Ltd	Afribaba (.cm,.sn,.ci)	65%	65%
DR Congo	IMCongo Properties Pte Ltd	imcongo.com	66%	75%
Angola	TechAfrica Pte Ltd	AngoCasa.com AngolaCarro.com	60%	71%
Mozambique	African Property Portals Group t/a African Property Group	CasaMozambique.co.mz	42%	42%
Ghana	Meqasa Holdings Pte Ltd	MeQasa.com	60%	66%
DR Congo	Carwangu Pte. Ltd	CarWangu.com	60%	60%
Myanmar	Rebbiz Pte Ltd	CarsDB.com	76%	76%
Pakistan	Pakwheels Pte Ltd	Pakwheels.com	35%	47%
Morocco	Moteur.ma	Moteur.ma	32%	49%
Tanzania, Rwanda and Uganda	Kupatana AB	Kupatana (.com, .co.ug)	31%	31%
Sri Lanka	Lanka Property Web (Private) Limited <sup>6</sup>	LankaPropertyWeb.com	37%	48%
Myanmar	iMyanmar Pte Ltd	iMyanmarHouse.com	39%	43%
Panama, Costa Rica, Nicaragua and Honduras	Encuentra24.com AG	Encuentra24.com	35%	42%
Nigeria	ToLet.com.ng Limited	ToLet.com.ng	39%	39% <sup>7</sup>
Pakistan	Zameen Limited	Zameen.com	30%	30%

4 Further detail in relation to the Share Sales, including the amount of issued capital in the relevant Operating Companies obtained by Frontier, and Shares in Frontier issued to the relevant Operating Companies, under each Share Sale Agreement, is set out in section 3.4 and Table 14.

5 Further detail in relation to the Call Options and subscription payments, including the amount payable and the expiry date in respect of the Call Options, is set out in Table 13 in section 9.4.1.1.

6 The shares in Lanka Property Web (Private) Limited are currently held by Shaun Di Gregorio, not the Frontier Group. Whilst Shaun Di Gregorio has agreed to transfer the shares to Frontier, this transfer is contingent on either approval of the Controller of Exchange of the Central Bank of Sri Lanka or a restructure of the operations of Lanka Property Web (Private) Limited (which would result in a transfer of assets of Lanka Property Web (Private) Limited (not the shares). Further, completion of the Share Sale Agreement under which Frontier will acquire an additional interest in Lanka Property Web (Private) Limited, is subject to conditions relating to whether or not certain Sri Lankan foreign investment approvals are obtained. In the event that these conditions are not satisfied or waived such that the Share Sale does not complete, Frontier's holding in Lanka Property Web (Private) Limited will be lower by 7.28%.

7 ToLet.com.ng Limited has entered into an employee share ownership plan, which will result in Frontier's interest reducing to 37% over 24 months post-IPO.

# Investment Overview

TOPIC / SUMMARY	FOR MORE INFORMATION
<p><b>WHAT ARE THE SHARE SALE AGREEMENTS?</b></p> <p>Frontier will, at Completion of the Offer, purchase additional shares in some of the Operating Companies from other shareholders in those Operating Companies. This will increase the ownership interest Frontier has in the relevant Operating Company as compared to the interest held at the Prospectus Date. In consideration of the sale of shares, Frontier has agreed to issue Shares to the relevant shareholders at or after Completion of the Offer. The table above sets out the interest Frontier will have in the Operating Companies at Completion of the Offer. This includes the interest that Frontier will obtain as a result of Share Sale Agreements with shareholders of certain of the Operating Companies (the <b>Operating Company Vendors</b>).</p>	Section 9.4.4
<p><b>WHAT ARE THE CONTRACTUAL ARRANGEMENTS WITH THE OPERATING COMPANIES AND THEIR SHAREHOLDERS?</b></p> <p>Frontier has a number of contracts in place for each Operating Company, typically between Frontier Singapore, the relevant Operating Company, and the other shareholders of the Operating Company, which govern the ownership and operation of each Operating Company. Generally, they include:</p> <ul style="list-style-type: none"> <li>• a subscription agreement, under which Frontier Singapore originally obtained its interest in each Operating Company, by paying cash as consideration for an issue of shares in the relevant Operating Company (for more detail see section 9.4.1); and</li> <li>• a Shareholders' Agreement, under which the Operating Company and its shareholders agree on the operation of the Operating Company (for more detail see section 9.4.3).</li> </ul>	Sections 3.4 and 9.4.
<p><b>WHAT ARE THE CALL OPTIONS?</b></p> <p>The Call Options are agreements Frontier Singapore has with relevant Operating Companies, or other shareholders of the Operating Companies, under which Frontier is entitled to have issued or transferred to it additional shares in the relevant Operating Company in exchange for the payment of cash consideration. The Call Options are exercisable between July 2016 and February 2018.</p>	Table 13 in section 9.4.1.1
<p><b>HOW WILL FRONTIER GENERATE REVENUE?</b></p> <p>The Operating Companies in which Frontier invest expect to generate revenue from two main sources:</p> <ul style="list-style-type: none"> <li>• car companies and other automotive industry participants, property developers and related services providers, and other consumer brands who purchase advertising space on the websites of the Operating Companies to advertise their products; and</li> <li>• car, property or general product sellers from either the industry or the general public paying to list and promote motor vehicles, properties or general goods and/or services respectively for sale or rent on the websites of the Operating Companies.</li> </ul>	Section 3.1.3

TOPIC / SUMMARY	FOR MORE INFORMATION																				
<h3>WHAT ARE FRONTIER'S KEY BUSINESS STRATEGIES?</h3> <p>Frontier is focused on maintaining and growing the Operating Companies' strong positions in online classifieds in the geographic markets where they operate.</p> <p>Each of the Operating Companies seek to provide the most accurate and comprehensive database of "for sale" listings in the relevant Operating Company's sector. This "listings first" approach to its classifieds business is being targeted to attract more potential buyers to the websites of the Operating Companies and generate more leads for its advertisers, and thus drive advertising revenue growth.</p> <p>Frost &amp; Sullivan, the Independent Market Expert, refers to this as the "virtuous circle":</p> <ul style="list-style-type: none"><li>• growth in listings, leads to;</li><li>• growth in users, leads to;</li><li>• growth in advertisers, which leads to more listings.</li></ul> <p>Frontier also intends to pursue future growth opportunities in the online classifieds sector in its Target Markets through strategic investments.</p>	Section 3.2																				
<h3>WHAT WILL BE THE CAPITAL STRUCTURE OF FRONTIER ON COMPLETION OF THE OFFER?</h3> <p>On Completion of the Offer the Company will have 216,205,924 Shares on issue.<sup>8</sup></p>																					
<h3>WHAT IS FRONTIER'S KEY PRO FORMA FINANCIAL INFORMATION?</h3> <p>The following table contains selected pro forma financial information for Frontier for the periods indicated:</p> <table><tr><th colspan="3">PRO FORMA HISTORICAL RESULTS</th></tr><tr><th>(A\$000s)</th><th>CY14</th><th>CY15</th></tr><tr><td>Revenue</td><td>28</td><td>3,474</td></tr><tr><td>NPAT</td><td>(742)</td><td>(4,632)</td></tr></table> <table><tr><th colspan="2">PRO FORMA HISTORICAL BALANCE SHEET</th></tr><tr><th>(A\$000s)</th><th>31 December 2015</th></tr><tr><td>Cash</td><td>33,951</td></tr><tr><td>Net Assets</td><td>61,524</td></tr></table> <p>The above is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information set out in Section 4 as well as the risk factors set out in Section 5.</p> <p>Reconciliations between the Pro Forma and Actual Historical Financial Information is set out in Section 4.</p> <p>Note: Frontier Singapore was incorporated on 4 April 2014. Therefore CY14 represents the 9 month period from incorporation to 31 December 2014.</p>	PRO FORMA HISTORICAL RESULTS			(A\$000s)	CY14	CY15	Revenue	28	3,474	NPAT	(742)	(4,632)	PRO FORMA HISTORICAL BALANCE SHEET		(A\$000s)	31 December 2015	Cash	33,951	Net Assets	61,524	Section 4
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<sup>8</sup> This figure assumes that 212,948 Shares are issued to the Operating Company Vendors in respect of Lanka Property Web (Private) Limited, however the issue of these Shares is subject to conditions requiring certain approvals of the Controller of Exchange of the Central Bank of Sri Lanka. In the event that these conditions are not satisfied or waived the Issue of these Shares will not occur and the number of Shares on issue will be lower by 212,948.

# Investment Overview

TOPIC / SUMMARY	FOR MORE INFORMATION
<b>WHY IS THERE NO FORECAST?</b>  Given the early stage of development of the Operating Companies, there are significant uncertainties associated with forecasting the future revenues and expenses of Frontier, and as such the Board does not believe there is a reasonable basis on which to base any forecasts.	Section 4
<b>HOW DOES FRONTIER EXPECT TO FUND ITS OPERATIONS, INCLUDING FUTURE CASH PAYMENTS UNDER SUBSCRIPTION AGREEMENTS?</b>  Frontier will fund its operations and any future cash payments from the proceeds raised from the Offer.	Section 7
<b>WILL FRONTIER BE ADEQUATELY FUNDED AFTER COMPLETION OF THE OFFER?</b>  The Directors are of the opinion that the Company will have sufficient working capital to carry out its stated objectives.	Section 7
<b>WHAT IS FRONTIER'S DIVIDEND POLICY?</b>  The Directors have no current intention to declare and pay a dividend. It is the Directors' current intention to utilise the Offer proceeds received by the Company and to reinvest future available cash flows in the further development of the Operating Companies.	Section 4.6

## 1.3 KEY RISKS

TOPIC / SUMMARY	FOR MORE INFORMATION
<b>EARLY-STAGE BUSINESS RISK</b>  Frontier has investments ranging from 30% to 76% in a portfolio of businesses (run by the Operating Companies) that are in the early stages of development. These early-stage businesses may not have well-developed business strategies in place, strong customer and supplier relationships or a strong market reputation. Early market advantages, positions or market share, if any, may not be durable, and the businesses are not yet in a position of profitability nor do they generate consistent, meaningful revenue. Further, only some of these businesses currently generate revenue from customers for listing products or subscriptions, and although Frontier's intention is that all of the businesses will charge for such services in the future, there is no guarantee this will eventuate. These businesses may also experience differing degrees of growth.  Further, given the early stage nature of their businesses, it is likely the Operating Companies will not be able to fund their operations out of operating cash flows, and will require additional capital over time.	Section 5.1.1
<b>ISSUES ASSOCIATED WITH OTHER SHAREHOLDERS IN OPERATING COMPANIES</b>  Frontier is not the sole owner of each Operating Company. Disagreements with other shareholders of an Operating Company, in particular its founders, including with respect to the operations, directions or policies of the Operating Company may impact that company's ability to achieve its goals, and there is no guarantee Frontier will be able to resolve these disputes.	Section 5.1.2

TOPIC / SUMMARY	FOR MORE INFORMATION
<p><b>OPERATIONS IN DEVELOPING COUNTRIES</b></p> <p>Frontier's Operating Companies all operate in developing countries. As a general rule, the economic, political, legal, regulatory and tax environment in these countries is not as developed or stable as in Australia. The future of these countries may contain political instability in the form of coups, military activity, revolutions and anarchy.</p> <p>Further, foreign ownership laws, in these jurisdictions may adversely impact Frontier's ability to hold or increase its interests in the Operating Companies and certain of the Operating Companies are in the process of obtaining licences to operate in some jurisdictions.</p> <p>There are a number of legal risks associated with Frontier's investment in, or the operations of, specific Operating Companies, including:</p> <ul style="list-style-type: none"> <li>• the need to transfer ownership of the shares in Lanka Property Web (Private) Limited) from Shaun Di Gregorio to Frontier Singapore; and</li> <li>• the need to obtain operating licences in a number of jurisdictions in which the Operating Companies operate.</li> </ul>	Section 5.1.3
<p><b>RELIANCE ON SYSTEM AND CONTENT INTEGRITY</b></p> <p>The performance of the websites of Frontier's Operating Companies relies on telecommunications operators, data centres and other third parties. The Operating Companies' websites have experienced system failures in the past and frequent or prolonged failures may reduce operating margin and impact negatively on the Operating Company's business reputation and brand name.</p>	Section 5.1.4
<p><b>LOSS OF KEY PERSONNEL</b></p> <p>Loss of the Chief Executive Officer and other key employees, or an inability to attract, retain and motivate additional highly-skilled employees required of the anticipated expansion of Frontier's activities could adversely affect its growth plans and financial position.</p>	Section 5.1.5
<p><b>DECLINE IN AUTOMOTIVE, PROPERTY AND GENERAL ADVERTISING MARKET, OR ECONOMIC CONDITIONS IN FRONTIER'S TARGET MARKETS</b></p> <p>The automotive, property and general advertising markets, and economic conditions generally, in jurisdictions of the Operating Companies are subject to factors outside the control of Frontier. Should these markets enter a downward cycle, this may impact on the operations, financial position and performance of the Operating Companies.</p>	Section 5.1.6
<p><b>RISKS ASSOCIATED WITH INTELLECTUAL PROPERTY</b></p> <p>Third parties may copy or otherwise obtain and use an Operating Company's proprietary information without authorisation or may develop similar technology independently. In some circumstances the Operating Companies have not taken steps to register intellectual property that is material to their business, so may have difficulties enforcing these rights against third parties.</p>	Section 5.1.7

## 1.4 KEY STRENGTHS

TOPIC / SUMMARY	FOR MORE INFORMATION
<b>STRONG MARKET POSITIONS</b>  The Operating Companies operate some of the leading property, automotive and general classifieds businesses in certain of Frontier's Target Markets.	Section 3.5.1
<b>ACTIVE IN GROWTH MARKETS</b>  The population, internet connectivity and smartphone penetration are all growing in Frontier's Target Markets.	Section 3.5.2
<b>ONLINE ADVERTISING IS GROWING IN FRONTIER'S TARGET MARKETS</b>  The strongest growth in online advertising in the world is currently occurring in emerging markets, including Frontier's Target Markets.	Section 3.5.3
<b>PROVEN CHIEF EXECUTIVE OFFICER AND MANAGEMENT TEAM</b>  Frontier's Chief Executive Officer and management have experience operating online classifieds and digital businesses in emerging markets.	Section 3.5.4
<b>FUTURE INVESTMENT OPPORTUNITIES</b>  Frontier will retain some of the Proceeds of the Offer for future investment opportunities in new and existing markets.	Section 3.5.5

## 1.5 DIRECTORS AND KEY MANAGEMENT

TOPIC / SUMMARY	FOR MORE INFORMATION
<b>WHO ARE THE DIRECTORS?</b>  The Directors are David Baxby (independent, non-executive Chairman), Shaun Di Gregorio (non-independent executive Director) and Mark Licciardo (independent, non-executive Director and Company Secretary).	Section 6.1
<b>WHO ARE FRONTIER'S KEY MANAGERS?</b>  Shaun Di Gregorio – Chief Executive Officer  Chan Shiao Mae – Chief Financial Officer  Shen Loh Lim – Director of Operations and Growth  Marco Rampazzo – Director of Corporate Development	Section 6.2



## 1.6 SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

### TOPIC / SUMMARY

### FOR MORE INFORMATION

#### WHO ARE FRONTIER'S SHAREHOLDERS AND WHAT WILL THEIR INTERESTS BE ON COMPLETION OF THE OFFER?

Section 7.3

SHAREHOLDER	SHAREHOLDING ON COMPLETION OF THE OFFER	
	No. of Shares	% Shareholding
Catcha Group	88,124,551	40.76%
Shaun Di Gregorio	37,020,359	17.12%
David Baxby <sup>9</sup>	2,155,689	1.00%
Other Existing Shareholders	18,855,088	8.72%
Operating Company Vendors	10,050,237	4.65%
New Shareholders	60,000,000	27.75%

#### WHO IS CATCHA GROUP AND WILL IT CONTROL THE COMPANY AT LISTING?

Section 7.4

Catcha Group is a founding Shareholder of Frontier. Catcha Group will own approximately 40.76% of Frontier on Completion of the Offer.

Accordingly, the Directors expect that Catcha Group will be in a position to exercise significant influence over Frontier after Completion of the Offer.

The directors and shareholders of Catcha Group are Patrick Grove and Lucas Elliott.

#### WHAT ARE THE DIRECTORS' SHAREHOLDINGS?

Section 6.3.1.5

OFFICER	FRONTIER SHAREHOLDING	
	No. of Shares	% Shareholding
David Baxby <sup>10</sup>	2,155,689	1.00%
Shaun Di Gregorio	37,020,359	17.12%
Mark Licciardo	0	0%

#### WHAT ESCROW RESTRICTIONS APPLY TO THE SHAREHOLDERS' SHARES?

Section 9.6

71% of Shares owned by Catcha Group Pte Ltd, 54% of the Shares owned by David Baxby and 72% of the Shares owned by Shaun Di Gregorio will be subject to an ASX imposed escrow restriction period of 24 months from Completion of the Offer. The remainder of the Shares held by Catcha Group Pte Ltd and Shaun Di Gregorio will be subject to voluntary escrow arrangements for a period of 12 months from Completion of the Offer.

30% of the Shares owned by the Other Existing Shareholders, and 100% of the Shares owned by the Operating Company Vendors, will be subject to an ASX imposed escrow restriction period of 12 months from the date their Shares were issued.

<sup>9</sup> David Baxby's shares are held through Anney Capital Partners Pte Ltd which is owned 100% by David Baxby.

<sup>10</sup> David Baxby's shares are held through Anney Capital Partners Pte Ltd which is owned 100% by David Baxby.

# Investment Overview

TOPIC / SUMMARY	FOR MORE INFORMATION
<b>WHAT SIGNIFICANT BENEFITS AND INTERESTS ARE PAYABLE TO DIRECTORS AND OTHER PERSONS CONNECTED WITH FRONTIER OR THE OFFER?</b> <p>All non-executive Directors will receive directors' fees.</p> <p>Shaun Di Gregorio will receive remuneration as Chief Executive Officer and other members of management will receive remuneration.</p> <p>Approximately \$100,000 of the Offer proceeds will be paid to Shaun Di Gregorio which represents repayment in full of a loan made to the Company by Shaun Di Gregorio to the Frontier Group on arm's length (or better) terms.</p> <p>The Company has established the Frontier Digital Ventures Limited Rights Plan.</p> <p>Mark Licciardo (Company Secretary and Director) has an interest in a consultancy agreement between Frontier and Mertons Corporate Services Pty Ltd, under which Mr Licciardo's company secretarial services are provided.</p> <p>Advisers and other service providers are entitled to fees for services.</p>	Sections 6.2, 6.3 and 7.1.4

## 1.7 OVERVIEW OF THE OFFER

TOPIC / SUMMARY	FOR MORE INFORMATION
<b>WHAT IS THE OFFER?</b> <p>The Offer is an initial public offering of 60 million Shares, for issue at an Offer Price of \$0.50 per Share to raise \$30 million.</p> <p>The Shares being offered will represent approximately 27.75% of Shares on issue on Completion of the Offer.</p>	Section 7.1
<b>WHO IS THE ISSUER OF THE PROSPECTUS?</b> <p>Frontier Digital Ventures Ltd, a company incorporated in Victoria, Australia</p>	Section 9.1

TOPIC / SUMMARY	FOR MORE INFORMATION
<p><b>WHAT ARE THE USES OF THE FUNDS?</b></p> <p>Frontier is conducting the Offer to raise funds to:</p> <ul style="list-style-type: none"> <li>• pay deferred consideration in respect of issued shares in its Operating Companies and meet contractual commitments to subscribe for additional shares and exercise Call Options over shares in its Operating Companies (\$9.9 million);</li> <li>• fund anticipated future investment opportunities (including the potential investments described in section 3.5.5) (\$6.0 million);</li> <li>• pay the costs of the Offer (\$3.2 million);</li> <li>• repayment of payables to Catcha Group (\$0.4 million);<sup>11</sup></li> <li>• repayment of payables to Shaun Di Gregorio (\$0.1 million);<sup>12</sup> and</li> <li>• provide working capital (\$10.4 million).</li> </ul> <p>Actual expenditures may vary from these estimates and the Board reserves the right to appropriately vary expenditures dependent on circumstances and business opportunities.</p>	Section 7.1.4
<p><b>WILL THE SHARES BE QUOTED?</b></p> <p>The Company will apply for admission to the official list of the ASX and quotation of Shares on the ASX under the code 'FDV'. Completion of the Offer is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p>	Section 7.2
<p><b>HOW IS THE OFFER STRUCTURED?</b></p> <p>The Offer comprises:</p> <ul style="list-style-type: none"> <li>• the Broker Firm Offer which is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia; and</li> <li>• the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares.</li> </ul>	Section 7.1.2
<p><b>IS THE OFFER UNDERWRITTEN?</b></p> <p>Yes, the Offer is fully underwritten by the Underwriters.</p>	Section 9.5
<p><b>WHAT IS THE ALLOCATION POLICY?</b></p> <p>The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by agreement between the Underwriters and the Company. The Company and Underwriters (by agreement) have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.</p> <p>For Broker Firm Offer participants, Brokers will decide as to how they allocate Shares that they are allocated to their retail clients.</p>	Sections 7.1.2, 7.5.5 and 7.6.2

<sup>11</sup> These payables represent repayment in full of loans made on arm's length (or better) terms to the Frontier Group by Catcha Group and Shaun Di Gregorio.

<sup>12</sup> These payables represent repayment in full of loans made on arm's length (or better) terms to the Frontier Group by Catcha Group and Shaun Di Gregorio.

# Investment Overview

TOPIC / SUMMARY	FOR MORE INFORMATION
<p><b>IS THERE ANY BROKERAGE, COMMISSION OR STAMP DUTY PAYABLE BY APPLICANTS?</b></p> <p>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.</p>	Section 7.2
<p><b>WHAT ARE THE TAX IMPLICATIONS OF INVESTING IN THE SHARES?</b></p> <p>Given that the taxation consequences of an investment will depend upon the investor's particular circumstances, it is the obligation of the investors to make their own enquiries concerning the taxation consequences of an investment in the Company.</p> <p>If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser.</p> <p>An overview of the tax treatment for Australian resident investors is included in Section 7.10.</p>	Section 7.10
<p><b>HOW CAN I APPLY?</b></p> <p>Broker Firm Applicants, who have received a Broker Firm Offer, may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus and submitting that form in accordance with the instructions received from their Broker.</p>	Section 7.5.2
<p><b>WHEN WILL I RECEIVE CONFIRMATION THAT MY APPLICATION HAS BEEN SUCCESSFUL?</b></p> <p>It is expected that initial holding statements will be despatched by standard post on or about 29 August 2016.</p>	Section 7.2
<p><b>CAN THE OFFER BE WITHDRAWN?</b></p> <p>Frontier reserves the right not to proceed with the Offer at any time before the settlement of the Offer. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</p>	Section 7.11
<p><b>WHERE CAN I FIND MORE INFORMATION ABOUT THIS PROSPECTUS OR THE OFFER?</b></p> <p>For more information, call the Frontier Offer Information Line on 1300 615 241 (within Australia) or +61 3 9415 4078 (outside Australia) from 9:00am to 5:00pm (AEST) Monday to Friday (excluding public holidays) during the Offer Period.</p> <p>If you are unclear or uncertain as to whether Frontier is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p>	

## SECTION 2

# Independent Market Report

# Independent Market Report

F R O S T  S U L L I V A N

*"We Accelerate Growth"*

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July 11, 2016

The Directors  
Frontier Digital Ventures Limited  
Level 7, 330 Collins Street  
Melbourne VIC 3000

Dear Directors,

## Independent Market Report on the Online Classified Advertising Market

### 1. Introduction

This Independent Market Report (**IMR** or **Report**) on the online classified advertising market has been prepared by Frost & Sullivan Australia Pty Limited (**Frost & Sullivan**) at the request of the Directors of Frontier Digital Ventures Limited (**FDV**) for inclusion in a prospectus to be lodged with the Australian Securities and Investments Commission on or around August 2016 (**Prospectus**) in connection with its proposed initial public offering (**IPO**) and associated listing on the Australian Securities Exchange (**ASX**).

### 2. Overview of FDV

FDV owns substantial interests in and provides key operating input to the operators of online classified advertising websites, primarily for real estate, cars and general classifieds. FDV identifies and invests, by taking equity stakes, in established early-stage businesses, in order to influence and support their business growth by utilising FDV's skills and expertise. FDV focuses on "frontier" markets - that is markets at a very early stage of online development, but with strong growth prospects.<sup>1</sup> FDV currently has operations in 19 countries, being Pakistan, Myanmar, Sri Lanka, Tanzania, Uganda, Rwanda, Mozambique, Senegal, Cote d'Ivoire (Ivory Coast), Cameroon, Ghana, DR Congo, Panama, Costa Rica, Nicaragua, Honduras, Angola, Nigeria and Morocco, with stakes in 15 separate businesses.<sup>2</sup> FDV, at the date of the IPO, will have a controlling equity interest in a number of these operators, and also has in place shareholders' agreements with all operators in which it has invested, providing it with certain rights in relation to the operation of the relevant business.

FDV's focus markets are clustered in five regions ("target regions"), which in total include over 50 separate countries, as listed in Table 1 below. Countries in which the Operating Companies have operations are indicated by an asterisk.

<sup>1</sup> FDV defines frontier markets as those with GDP per capita currently below US\$5,000 (source: FDV management presentation, September 2015)

<sup>2</sup> FDV data, April 2016

Auckland	Bangalore	Bangkok	Beijing	Bogota	Buenos Aires	Cape Town	Chennai	Delhi	Dubai
Frankfurt	Kolkatta	Kuala Lumpur	London	Manhattan	Melbourne	Mexico City	Mumbai	New York	Oxford
Palo Alto	Paris	San Antonio	Sao Paulo	Seoul	Shanghai	Singapore	Sydney	Tokyo	Toronto

Table 1: FDV's Target Regions and Markets

South Asia	East Africa	West Africa	Central America	Middle-East / North Africa (MENA)
Bangladesh	Botswana	Angola*	Costa Rica*	Algeria
Myanmar*	Burundi	Benin	Cuba	Bahrain
Nepal	Ethiopia	Burkina Faso	Dominican Republic	Egypt
Pakistan*	Kenya	Cameroon*	El Salvador	Jordan
Sri Lanka*	Madagascar	Cote d'Ivoire*	Guatemala	Iran
	Malawi	DR of Congo*	Haiti	Kuwait
	Mozambique*	Republic of Congo	Honduras*	Lebanon
	Rwanda*	Gabon	Nicaragua*	Libya
	Somalia	Ghana*	Panama*	Morocco*
	Tanzania*	Guinea	Puerto Rico	Oman
	Uganda*	Mali		Qatar
	Zambia	Nigeria*		Saudi Arabia
	Zimbabwe	Senegal*		Tunisia
		Togo		UAE
				Yemen

Source: FDV, as at July 2016

FDV intends to continue to identify and invest in emerging online classified businesses in these and other frontier markets. These markets are at a very early stage of the print to digital transition for classified advertising, and businesses operating in these countries therefore have an opportunity to enjoy the long-term growth and high profitability that has been witnessed in developed markets over the past 10-15 years, particularly by businesses that can establish early market leadership and benefit from the “virtuous circle” of the online classified advertising business model, as described in section 6 (Online Classified Advertising Industry Structure).

### 3. Size and Growth of Online Advertising

#### Introduction

Online advertising (also known as internet or digital advertising) is a form of advertising in which promotional messages are delivered to consumers over the internet, and can be viewed on any device on which the internet can be accessed, such as a laptop, PC, tablet or smartphone. There are three main types of online advertising:

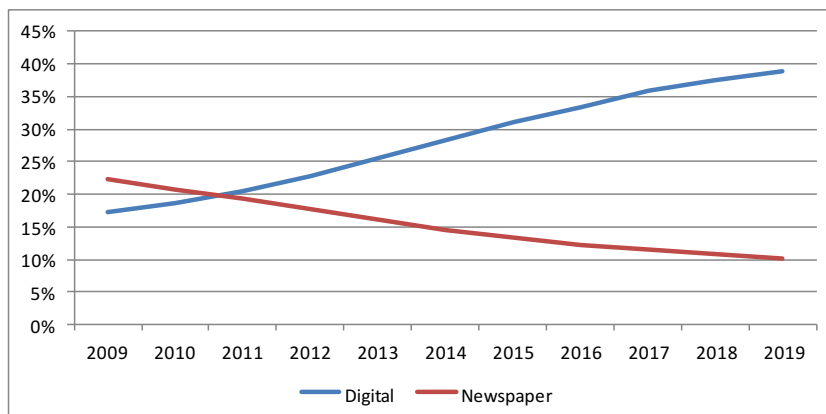
- Paid search advertising (sometimes known as online search advertising): a form of advertising where advertisers pay an advertising fee, usually based on click-throughs or ad views, to have their website shown in top placements on search engine result pages on search engines such as Google and other search engines;
- Online general display advertising: a form of advertising whereby advertisers pay website publishers to advertise on their websites (such as banner advertising, pop-ups, etc). Online video advertising is usually included in this category; and
- Online classified advertising: a form of advertising whereby advertisers pay website publishers to list items for sale (either on a flat fee or pay-per-lead basis), with real estate, automotive and jobs being the categories most commonly advertised, along with general items such as second-hand goods. This category also includes online directory advertising, whereby advertisers pay to advertise a service or company in an online directory, such as Yellow Pages.

## Online Advertising Expenditure

Total global advertising expenditure (across all media) was estimated at US\$474 billion in 2015, and between 2015 and 2019 is forecast to increase at a CAGR of 5.8% to reach US\$594 billion in 2019.<sup>3</sup> Overall advertising expenditure is anticipated to increase somewhat faster than global GDP, which is forecast to increase at a CAGR of 4.23% over the same period.<sup>4</sup>

Whilst overall advertising expenditure will somewhat faster than GDP, the share of advertising expenditure between media is undergoing a significant shift. Most noticeable is the growth of expenditure on online advertising, largely at the expense of newspaper advertising. This is illustrated in Figure 1, which shows the proportion of advertising expenditure accounted for by these two media. Online advertising overtook newspaper advertising in terms of expenditure in 2011, and by 2019 is anticipated to account for almost four times the expenditure.

Figure 1: Share of Global Advertising Expenditure by Channel, 2009 to 2019



Source: McKinsey & Co, Global Media Report, 2015

Despite the significant growth in online advertising that has already occurred at the expense of newspaper advertising, this migration is likely to continue for several years. Global newspaper advertising expenditure in 2014 was \$87 billion<sup>5</sup>, still offering a large opportunity for further penetration by online advertising. In many developing and frontier markets, newspaper advertising revenues significantly exceed online advertising revenues, suggesting significant scope particularly in these markets for the print to online switch to occur.

In many of FDV's target markets, there is significant newspaper advertising expenditure, but low or negligible online advertising expenditure. Although data on advertising expenditure is not available for many of these target markets, this can be illustrated in some target markets where there is available data. For example, newspaper advertising expenditure in 2013 in Puerto Rico<sup>6</sup> was US\$473 million, and in Costa Rica US\$84 million.<sup>7</sup> By comparison, online advertising expenditure in Puerto Rico was only US\$20 million, and virtually zero in Costa Rica in the same year.<sup>8</sup>

<sup>3</sup> McKinsey & Co, Global Media Report, 2015

<sup>4</sup> International Monetary Fund (IMF) World Economic Outlook, April 2016, data is in current US\$

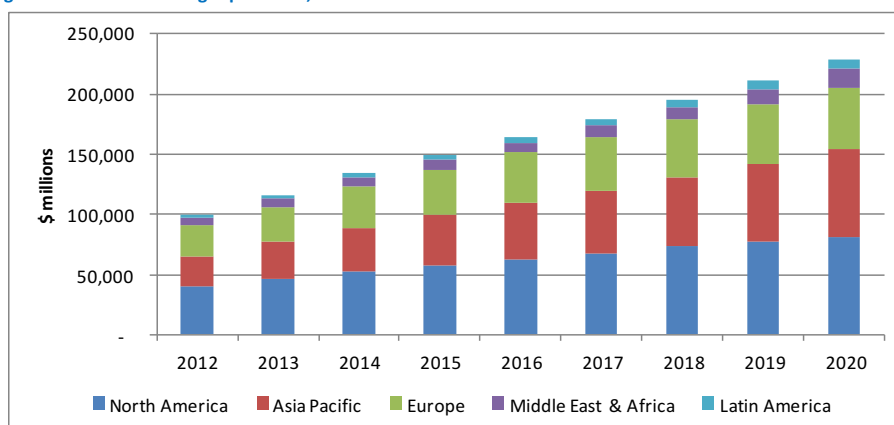
<sup>5</sup> World Association of Newspapers (WAN), World Press Trends, 2015

<sup>6</sup> Although FDV does not have existing operations in Puerto Rico, it is included as a target market



Frost & Sullivan has estimated global online advertising expenditure based on data from Interactive Advertising Bureaus<sup>9</sup> in North America and Europe, and from other sources, including data from media tracking reports such as those from Zenith Optimedia, in other regions. Frost & Sullivan estimates that total global online advertising expenditure was US\$149 billion in 2015, and forecasts it to increase to US\$229 billion by 2020, a CAGR of 8.9%. The strongest growth will come from regions with a significant number of developing and frontier markets. For example, online advertising in Latin America is forecast to grow at a CAGR of 15.3% and the Middle East & Africa at 14.9% over this period.<sup>10</sup>

**Figure 2: Online Advertising Expenditure, 2012 to 2020**



Source: Frost & Sullivan estimates based on IAB Online Advertising Expenditure reports and other media tracking data, such as Zenith Optimedia Marketing Factbooks; Frost & Sullivan forecasts<sup>11</sup>. Note: Middle-East & Africa includes the entire African continent.

### Growth Drivers for Online Advertising

The growth in online advertising is a result of a number of factors, including sustained, rapid growth in the number of individuals accessing the internet; the growing use of broadband connections which improve the user experience; the rapid adoption of internet-enabled mobile devices; and the advantages that the internet offers over other advertising channels, including greater measurability and enhanced cost effectiveness for advertisers. These factors are discussed in more detail below.

Since 2005, the number of individuals globally who access the internet has increased almost threefold, to reach almost 3 billion individuals, or over 40% of the global population, by 2014 (see Figure 3). Growth from 2005 to 2014 has been at a CAGR of 12.4%.<sup>12</sup>

<sup>7</sup> Zenith Optimedia, Marketing Fact Book, 2013

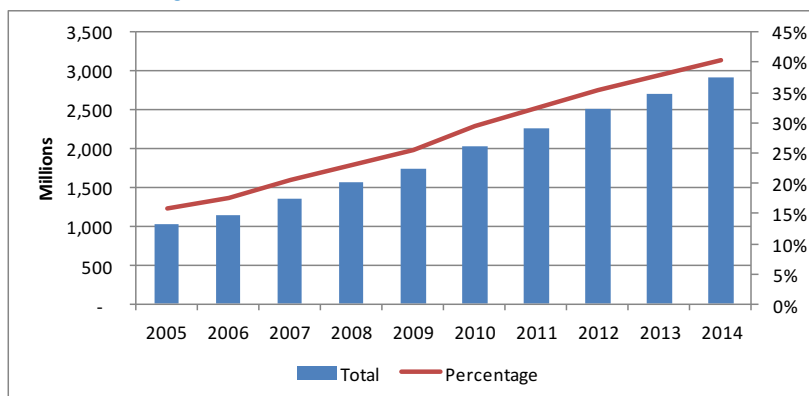
<sup>8</sup> Ibid

<sup>9</sup> The Interactive Advertising Bureau (IAB) is a trade body that represents the online advertising industry, and has organisations in a number of countries. Many IABs publish data on the size of online advertising expenditure in their markets

<sup>10</sup> Frost & Sullivan estimates based on IAB Online Advertising Expenditure reports (Europe and North America, 2015) and media tracking reports such as Zenith Optimedia Marketing Factbooks, 2013.

<sup>11</sup> Frost & Sullivan forecasts have been developed based on historic growth rates, and taking account of the potential in each region for continued migration of advertising expenditure to the online channel

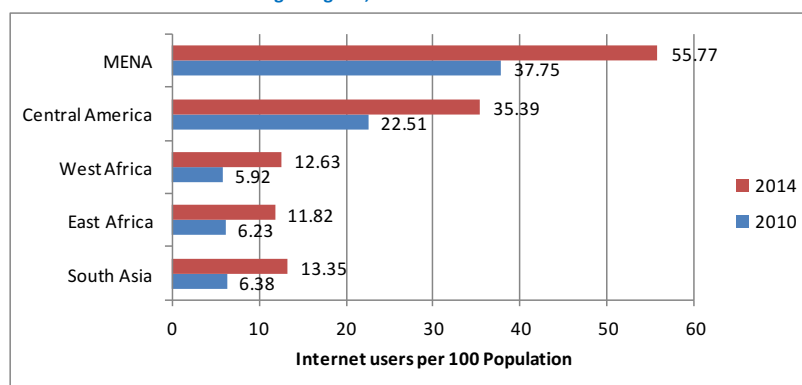
Figure 3: Individuals Accessing the Internet, 2005 to 2014



Source: International Telecommunication Union (ITU) Time Series by Country statistics, 2014. Accessed March 2016

Whilst globally internet penetration is at about 40%, in FDV's target regions<sup>13</sup> it is still well below this level (except in MENA), but is growing rapidly. Between 2010 and 2014, penetration has almost doubled in East Africa, has more than doubled in West Africa and South Asia, has increased from 23% to 35% in Central America, and from 38% to 56% in MENA (see Figure 4).

Figure 4: Internet Penetration in FDV's Target Regions, 2010 and 2014



Source: International Telecommunication Union (ITU) Time Series by Country statistics, 2014. Accessed March 2016

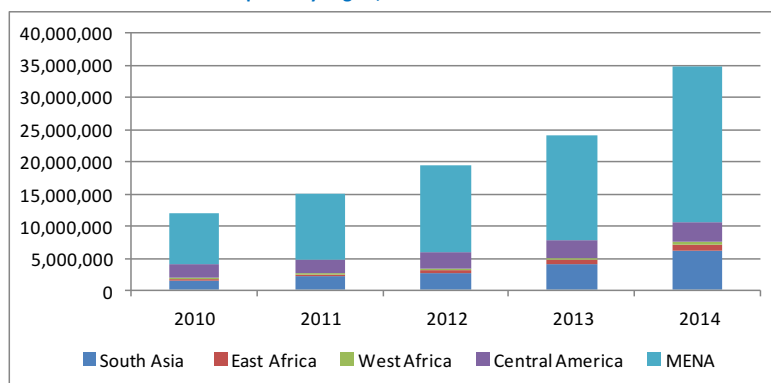
As well as this significant increase in individuals accessing the internet, the user experience has significantly improved by the rapid growth in access to broadband connections, both fixed (e.g. through cable or ADSL<sup>14</sup>) or mobile broadband. In FDV's target regions, the number of active fixed broadband subscriptions has increased at a CAGR of 31% between 2010 and 2014 to reach 35 million in 2014, with the fastest growth from East Africa (76% CAGR) and South Asia (42% CAGR) (see Figure 5).

<sup>12</sup> International Telecommunication Union (ITU), Time Series by Country statistics 2014 (accessed March 2016)

<sup>13</sup> FDV's target regions are defined as comprising the countries listed in Table 1

<sup>14</sup> Asymmetric Digital Subscriber Line (ADSL) is a technology for delivering data over copper telephone lines

Figure 5: Active Fixed Broadband Subscriptions by Region, 2010 to 2014



Source: International Telecommunication Union (ITU) Time Series by Country statistics, 2014. Accessed March 2016

Whilst fixed broadband subscriptions indicate growth in broadband usage, many developing and frontier countries are experiencing a “mobile first” broadband rollout, whereby initial online access for consumers is provided through mobile devices, especially smartphones. As internet access through mobile devices grows rapidly, an increasing proportion of online advertising can be defined as “mobile advertising”, that is advertising specifically designed to be accessed through a mobile device. This is the fastest growing format of online advertising in markets such as Europe<sup>15</sup>, and is being stimulated by the rapid adoption of smartphones and tablets globally.

The potential for mobile internet usage to increase can be illustrated by forecasts of the roll-out and usage of 3G, 4G and 5G<sup>16</sup> cellular networks, which provide cellular connections at performance levels adequate for mobile broadband usage. For example, in Sub-Saharan Africa (a region roughly analogous to FDV’s target regions of East and West Africa), 3G, 4G and 5G subscriptions are anticipated to increase from approximately 20% of mobile subscribers in 2015 to over 80% by 2021.<sup>17</sup> In MENA, a similar development is expected to occur, and by 2021, 50% of mobile subscriptions will involve the use of smartphones.<sup>18</sup>

FDV’s target regions are therefore likely to experience a significant growth in mobile internet access, as the number of mobile phone subscribers increases and as a growing number of these subscribers adopt smartphones.

These regions are seeing sustained growth in the number of mobile phone subscribers, which have increased at a CAGR of 11.5% between 2010 and 2014 to reach over 1.3 billion in 2014 (see Figure 6), with growth in subscriptions in East and West Africa in excess of 15% CAGR.

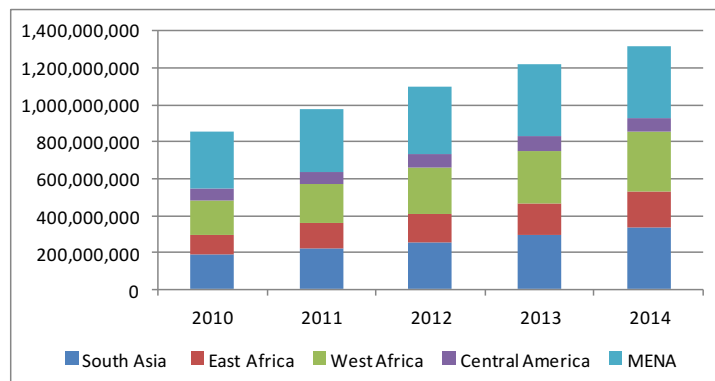
<sup>15</sup> IAB Europe, AdEX Benchmark report, H1 2015

<sup>16</sup> 3G, 4G and 5G refer to the connection speeds of the cellular network, with 3G and above generally regarded as offering adequate download speeds for mobile access to the internet. Cellular technologies included in the definition of 3G and above include CDMA, WCDMA/HSPA and LTE

<sup>17</sup> Ericsson Mobility Report, Sub-Saharan Africa, November 2015

<sup>18</sup> Ericsson Mobility Report, Middle-East and North Africa, November 2015

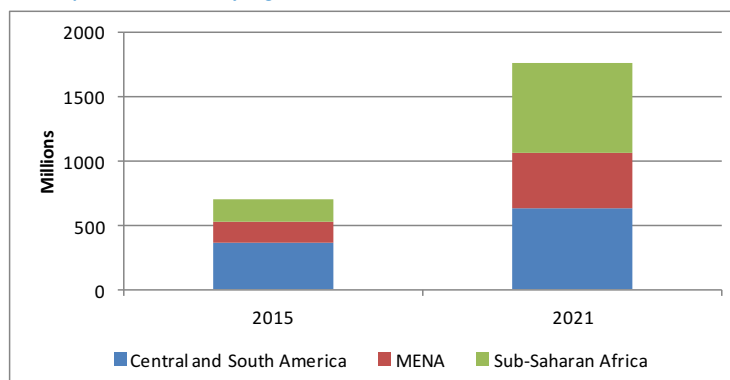
**Figure 6: Mobile Subscriptions by FDV Target Region, 2010 to 2014**



Source: International Telecommunication Union (ITU) Time Series by Country statistics, 2014. Accessed March 2016

An increasing proportion of these mobile users are using smartphones which allow them to access the internet. In FDV's target regions, usage of smartphones is anticipated to increase at a rapid rate between 2015 and 2021, for example a CAGR of 130% in MENA and 107% in Central and South America (see Figure 7).

**Figure 7: Total Smartphone Subscribers by Region, 2015 and 2021**



Source: Ericsson Mobility Report, November 2015. Note: data is based on Ericsson's definition of regions, which is not necessarily identical to FDV's

This growth in mobile internet access is stimulating an increased amount of advertising expenditure to be switched to the mobile format. Whilst data is not available for many of FDV's target markets, this trend is apparent for those where it is. For example, in Kenya<sup>19</sup> and Pakistan, mobile advertising expenditure is anticipated to increase at a CAGR of 31% and 55% respectively, from 2013 to 2018.<sup>20</sup>

<sup>19</sup> Although FDV does not currently operate in Kenya, it is included as a target market

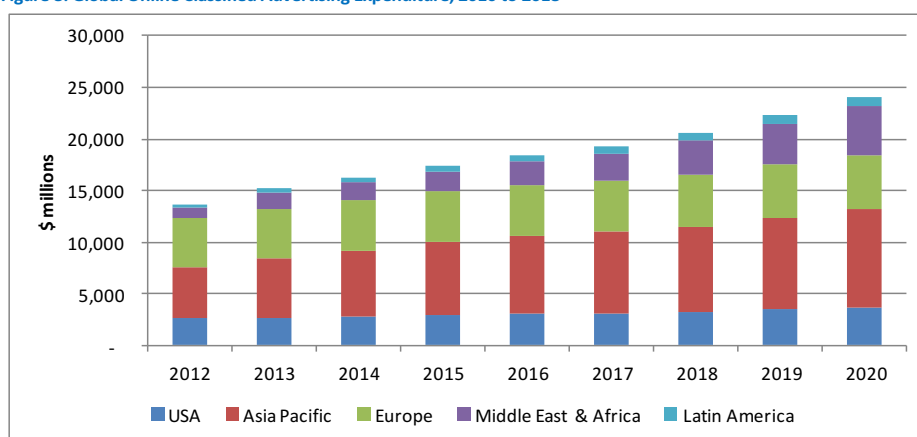
<sup>20</sup> PwC, Global Media & Entertainment Outlook, 2014 to 2018

## 4. Online Classified Advertising

### Size and Growth of Online Classified Advertising

Driven by the print to online migration, expenditure on online classified advertising has grown at a significant rate across all markets. Based on data from IABs and other media tracking reports, such as Zenith Optimedia Marketing Factbooks, Frost & Sullivan estimates that in 2015, global online classified advertising expenditure reached US\$17.4 billion and that this will increase to US\$24.1 billion in 2020, a CAGR of 6.7% from 2015 to 2020 (see Figure 8).

Figure 8: Global Online Classified Advertising Expenditure, 2010 to 2018



Source: Frost & Sullivan estimates based on IAB and other media tracking data such as Zenith Optimedia Marketing Factbooks, 2013 Frost & Sullivan forecasts based on historic growth rates. Note: Middle-East & Africa includes the entire African continent

The largest markets for online classified advertising expenditure are developed countries such as in Western Europe, USA and Australia.<sup>21</sup> Whilst online classified markets in some developed countries are relatively mature, growth is still occurring. For example, expenditure in Europe overall increased by 5.8% between 2013 and 2014, despite expenditure declines in 11 European countries, as a result of weak economic conditions which have particularly impacted on employment and real estate markets, with a dampening effect on classified advertising.<sup>22</sup>

However, the strongest growth in online classified advertising expenditure is occurring in developing and frontier markets, where the print to online migration is less advanced and where rapid increases in internet access are occurring. Frost & Sullivan anticipates that by 2020, Asia Pacific, Middle East & Africa and Latin America will cumulatively account for over 40% of global online classified advertising expenditure.<sup>23</sup>

Alongside the overall growth in online classified advertising expenditure, Frost & Sullivan has identified a number of market trends that are impacting the industry. These are described in more detail below;

<sup>21</sup> Frost & Sullivan estimates based on IAB reports for 2015

<sup>22</sup> IAB AdEx Benchmark Report, 2014

<sup>23</sup> Frost & Sullivan estimates based on IAB reports and other media tracking data such as Zenith Optimedia Marketing Factbooks

**Development of mobile sites:** online classified publishers are making their sites increasingly “mobile friendly”, especially as searches for some product categories (such a real estate and automotive) are often done by consumers on the move. Many online classified publishers are now obtaining a significant amount of website traffic from mobile devices, and Frost & Sullivan expects that this will continue to increase.

**Development of vertical search aggregators:** access to listings on online classified sites is increasingly through vertical search aggregators, such as Mitula<sup>24</sup> and Trovit<sup>25</sup>, which allow users to search multiple online classifieds sites. These websites have links to online classified sites, allowing users to undertake a search (e.g. for property) and then click through to the originator’s online site for more details of the listing. Vertical search aggregators typically offer a set number of free click-throughs to the online classified sites, but additional click throughs above this set limit require a fee.

**The “free classifieds” model:** many online classifieds site offer free listings, whereby a base listing may be free but an advertiser pays for additional services such as a premium listing or special placement. Other websites may charge only for certain categories (for example, Craigslist<sup>26</sup> charges for recruitment advertisements in certain cities, apartment listings in New York and therapeutic services), or derive revenue from display or other forms of advertising, with free listings designed to drive traffic to the website. In many cases, free listings are used to attract initial customers, who are then migrated to paid products or services.

**Development of premium products:** many online classifieds publishers offer additional premium products at higher prices than basic listings (which in some cases may be free). However, even publishers that charge for basic listings are also actively offering premium services (such as enhanced photographs, videos or special placements). These premium (or depth) products are particularly important for online publishers with high penetration of the potential client base, as they offer an additional avenue for revenue growth.

**Enhancing content to drive traffic:** many online publishers are enhancing the content available on their sites, to drive enhanced site visitation. This content can include market reviews, blogs and other articles specific to the industry in which the site operates.

**Growth in display advertising and other revenues:** as well as revenues from listings or lead generation, online classified publishers are increasingly focused on generating revenue through other advertising formats, for example display advertising or lead generation fees (i.e. receiving commission for leads or sales generated through visitation to their site).

## 5. Growth Drivers for Online Classified Advertising

The switch by consumers from the consumption of print content to the internet has stimulated the growth of online classified advertising. When accompanied by the inherent advantages that online advertising offered, this has created a

<sup>24</sup> Mitula listed on the ASX in 2015, and achieved revenue of A\$20.5 million in 2015, growth of 92% over 2014. As at January 2016, Mitula had 13,705 individual advertisers and provided access to 263 million individual listings (source: Mitula Investor Presentation, March 2016)

<sup>25</sup> Trovit is a Spain-based vertical search aggregator

<sup>26</sup> Craigslist is a US-based online classified website established in 1996

shift in classified advertising expenditure from print (primarily newspapers) to online. The internet has proved a highly viable alternative to newspapers for classified advertisers, and an increasing proportion of classified advertising expenditure is going to the online channel. Online offers a number of advantages, both for advertisers and for consumers. These are summarised below (see Table 2).

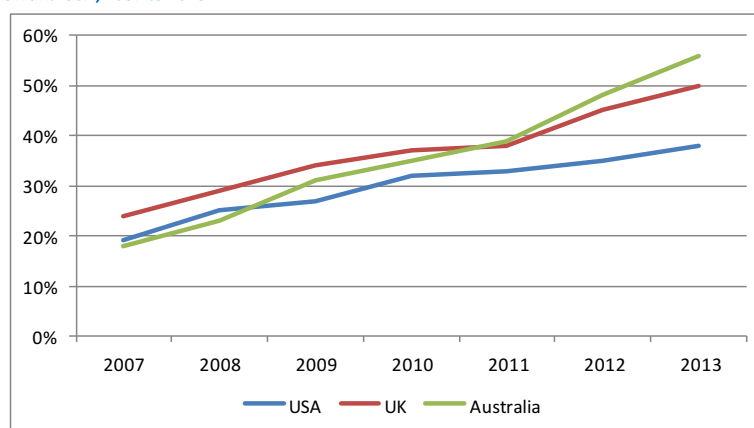
**Table 2: Advantages of Online Classified Advertising**

Advantages for Advertisers	Advantages for Consumers
More cost-effective	Enhanced searching capability
Can provide more listing details than in print	Easy to contact vendor (e.g. click to email)
Can include value-added options such as video, 3D representations, etc.	Free to access
Can target buyers on the move	Can be accessed anytime
Gives access to a wider range of buyers	Proactive notifications available
Listings can be edited or changed in real-time	More details can be seen (e.g. photographs)
More measurable	Wider range of listings

Source: Frost & Sullivan

These factors have led to the internet taking an increased proportion of total classified advertising expenditure. This is illustrated below in Figure 9 for three markets where data on classified advertising expenditure is available, Australia, the USA and UK, indicating how rapidly online has grown as a proportion of all classified advertising expenditure (newspaper and online), and in Australia and the UK as of 2013 exceeded 50% of total classified advertising expenditure.

**Figure 9: Online Classified Advertising Expenditure as a Percentage of Total Classified Advertising Expenditure, Australia, UK and USA, 2007 to 2013**



Sources; Newspaper Association of America advertising archived advertising revenue data, accessed March 2016; IAB USA Online Advertising Expenditure Reports 2007-2013; Bain & Co and Enders Analysis, Creative UK, 2013; Frost & Sullivan Australian Online Classifieds Market Report, 2014

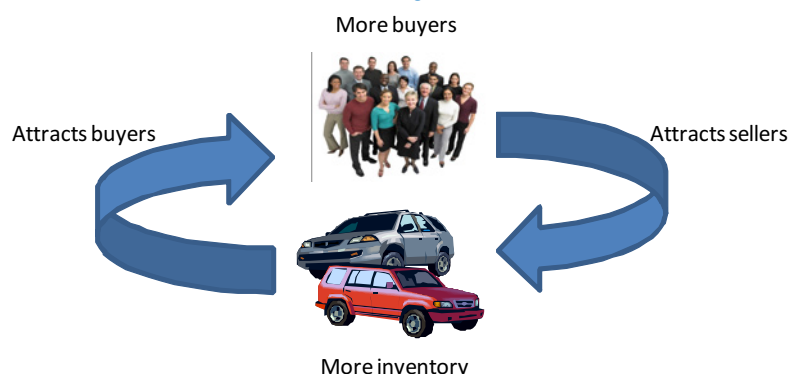
Whilst the “print to online” trend is well-advanced in most developed markets, it is much less advanced in emerging markets where print still retains a high share of advertising expenditure, including for classified advertising. Hence, in FDV’s frontier markets the print to online shift is likely to be only just underway.

## 6. Online Classified Advertising Industry Structure

The online classified industry is fragmented, reflecting the fact that, unlike newspapers, entry barriers are low and opportunities to achieve significant economies of scale through consolidation are limited. Unlike newspaper classifieds, online classified publishers tend to focus on specific verticals, such as employment or automotive. Additionally, a specific geographical focus is often desirable for both advertisers and consumers. This means that publishers with a focus only on a single city, region or country are viable. Consequently, Frost & Sullivan estimates that there are tens of thousands of online classified publishers globally. Online classified businesses include both online-only businesses (generally start-ups) as well as the online operations of traditional print media businesses.

In many cases, local market leadership has been taken by the online only businesses, generally specialising in specific vertical markets in particular countries, such as Monster Inc<sup>27</sup>, Rightmove<sup>28</sup> and REA<sup>29</sup>, although some have subsequently expanded geographically. In many countries, the online classified market in each category is dominated by a single company, which was often the first major online entrant into the category in the country. These companies are often able to achieve market dominance and high levels of profitability as a result of the so-called “virtuous circle” in online classified advertising, by which initial entrants are able to establish the highest levels of inventory on their site, which in turn attracts the highest number of buyers (see Figure 10). Once established, other participants can find it very challenging to match the leader in metrics such as inventory and site visits, which generally drive higher revenue and profitability for the leader.

Figure 10: The “Virtuous Circle” in Online Classified Advertising



Source: Frost & Sullivan

However, sustained market leadership to date mainly occurs in developed markets where the print to online transition is well advanced, and where market leaders have benefitted from the virtuous circle of online classifieds for several years. In developing and frontier markets the print to online migration is only beginning, meaning that sustained local market leadership is still to be developed.

<sup>27</sup> Monster Worldwide Inc. was established in 1994 and is the world’s largest online employment classified business, operating a number of job web-websites in approximately 50 countries. It achieved revenue of \$770 million in 2014

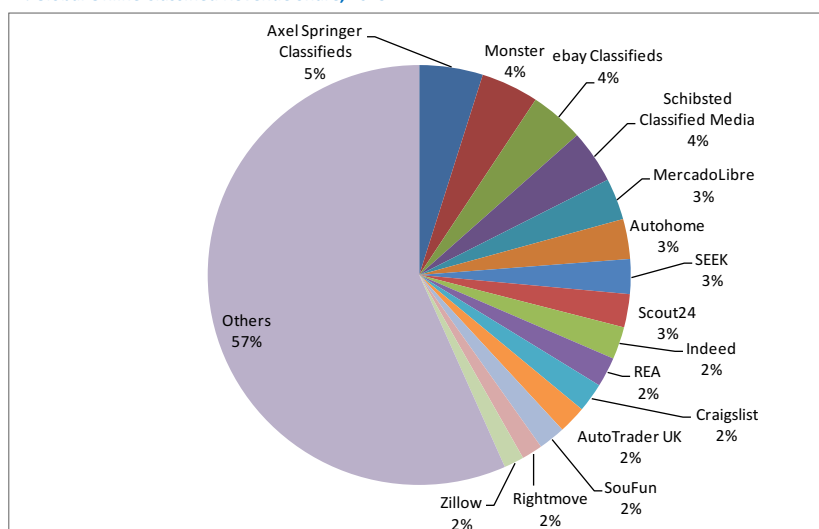
<sup>28</sup> Rightmove PLC was established in 2000 and listed on the London Stock Exchange in 2006. It is the largest real estate classified website in the UK, with revenue of £192 million in 2015

<sup>29</sup> REA is the largest online real estate classified business in Australia, and also operates sites in Asia and Europe, with group revenue of A\$522.9 million in 2015



Over recent years, a number of global companies have developed portfolios of online classifieds businesses (either through acquisition or organic development), such as Axel Springer, Schibsted Media Group and Naspers. However, despite this partial consolidation, the industry remains fragmented, with the top 15 companies by revenue representing only 43% of global online classified advertising revenues. This is unlike other online advertising categories (such as paid search), where the industry is highly consolidated, with Google accounting for 55% of global paid search revenues.<sup>30</sup>

Figure 11: Global Online Classified Revenue Share, 2015



Sources: company annual reports for publicly listed companies, Schibsted annual report 2016 for others. Note: SEEK excludes SEEK Learning, MercadoLibre excludes mortgages, Rightmove is marketing and listing services only. Revenues were converted to US\$ based on exchange rates as at March 16 2016 for comparison between companies

Companies that have established portfolios of global online classified businesses are described in more detail below.

Table 3: Multi-national Online Classified Businesses

Company	Description	Online Classified Brands	Focus Regions
<b>Axel Springer</b>	German-based media company with operations in over 40 countries. Online classified businesses operate within Classified Ad Models division	Seloger (real estate) Jobsite (jobs) StepStone (jobs) ImmoWelt (real estate) Several others	Europe
<b>eBay Classifieds Group</b>	Division of eBay. Operates 12 online classifieds brands, mainly in general classifieds	Gumtree (general classifieds) Marktplaats (general classifieds) 10 others	Europe Australia South America
<b>Naspers</b>	South African based media company operating in 130 countries. Online classified business	OLX (general classifieds) Avito (general	South America Southern Africa South and SE Asia

<sup>30</sup> <http://www.emarketer.com/Article/Google-Will-Take-55-of-Search-Ad-Dollars-Globally-2015/1012294>

Company	Description	Online Classified Brands	Focus Regions
	sits within Internet division, mainly through OLX brand in 40 countries	classifieds)	Eastern Europe
<b>Rocket Internet</b>	German-based internet incubator, focused on developing and scaling online businesses	Lamudi (real estate) Carmudi (cars) Everjobs (jobs)	All regions outside USA and China
<b>Schibsted Media Group</b>	Norwegian-based media group with operations in 30 countries. Online classified businesses operate within Schibsted Classified Media (SCM)	Leboncoin (cars) Infojobs (jobs) Mudah (general classifieds) Several others	Europe Developing Asia (Malaysia, India, etc) Latin America

Source: Frost & Sullivan, based on company annual reports, presentations and websites

## 7. Growth Opportunities in FDV's Markets

Within its target regions, FDV has exposure to 1.72 billion individuals, approximately 23% of the global population.<sup>31</sup> Average annual population growth in these regions was 1.91%, significantly ahead of the global average of 1.2%, in 2015 (see Table 4).<sup>32</sup>

Table 4: Population Statistics by Region, 2016

Region	Population, millions	Average Annual Population Growth, 2015 (%)
South Asia	460	1.15
East Africa	386	2.76
West Africa	434	2.73
Central America	83	0.99
MENA	361	1.91
<b>Total</b>	<b>1,723</b>	<b>1.91</b>

Source: Worldometers, Countries by Population, accessed March 2016

Along with population growth, countries in FDV's target regions are becoming increasingly urbanised, with a greater percentage of the population living in cities, through migration from rural areas. Along with population growth, this will stimulate internet usage as internet infrastructure is usually significantly better in urban areas.

Whilst factors such as population growth, urbanisation and increased internet access and usage will stimulate the development of the online classified industry in FDV's target regions, an equally important factor will be an increase in transaction volumes in the verticals that FDV's operations mainly serve. For example, an increase in the population living in formal private housing (owned or rented) will drive increasing volumes of real estate transactions, and increased real estate classified advertising.

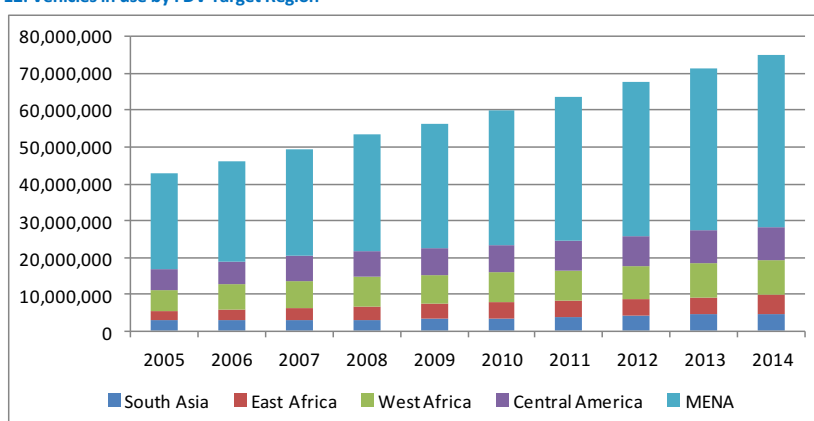
<sup>31</sup> Based on data from Worldometers, (<http://www.worldometers.info/>) accessed March 2016

<sup>32</sup> Ibid

Whilst data on private housing is not generally available for FDV's markets, for vehicle ownership the available data from the International Organization of Motor Vehicle Manufacturers (OICA) indicates a strong increase in vehicle ownership levels in these regions. However, vehicle ownership levels in these regions are still well below levels in developed markets, suggesting that continued growth is likely. For example, in Pakistan there are only 16 vehicles per 1,000 population and 15 in Cameroon, compared to 714 in Australia (data is for 2014).<sup>33</sup> As the number of vehicles in use increases, this will stimulate transaction volumes especially in second hand vehicles, the market segment mainly addressed by most online classified car sites.

Across FDV's target regions, the number of vehicles in use has increased at a CAGR of 6.4% from 2005 to 2014, with the number of vehicles increasing from 43 million to 75 million.<sup>34</sup> The fastest growth has been in East Africa (7.1% CAGR).<sup>35</sup>

Figure 12: Vehicles in use by FDV Target Region



Source: OICA World Vehicles in Use statistic, 2014. Accessed March 2016. . Note: data is not available for some countries, i.e. Democratic Republic of the Congo, Guinea, Gabon and Nicaragua.

## 8. Conclusion

FDV is a business focused on investing in, influencing and providing key operational support to companies operating in the online classified advertising sector. On completion of the IPO, Frontier will have shareholdings ranging from 25% to 65% in 15 Operating Companies that operate businesses across the markets of Pakistan, Myanmar, Sri Lanka, Tanzania, Uganda, Rwanda, Mozambique, Senegal, Ivory Coast, Cameroon, Ghana, DR Congo, Panama, Costa Rica, Nicaragua, Honduras, Angola, Nigeria and Morocco. FDV particularly focuses on businesses in frontier markets within five target regions, which contain countries at a relatively early stage of economic and digital development, and where growth in online advertising is only just starting to occur. These target regions cumulatively contain 23% of the world's population, and population growth is significantly ahead of the global average.

<sup>33</sup> International Organization of Motor Vehicle Manufacturers (OICA), World Vehicles in Use statistics, 2014. Accessed March 2016

<sup>34</sup> Ibid

<sup>35</sup> Ibid

Globally, online advertising expenditure is estimated by Frost & Sullivan at US\$149 billion in 2015, and is forecast by Frost & Sullivan to increase to US\$229 billion by 2020, a CAGR of 8.9%.<sup>36</sup> The strongest growth will come from regions with a significant number of developing and frontier markets. For example, Latin America is forecast to grow at a CAGR of 15.3% and MENA at 14.9%.<sup>37</sup>

Within FDV's target regions, online advertising expenditure is likely to grow particularly rapidly, as internet access grows, particularly stimulated by roll-outs of mobile broadband networks and enhanced use of mobile devices to access the internet. In FDV's target regions, usage of smartphones is anticipated to increase at a dramatic rate between 2015 and 2021, for example a CAGR of 130% in MENA and 107% in Central and South America.<sup>38</sup>

As well as increases in population and online access, FDV's target regions will also witness increased transaction volumes in the industry verticals in which FDV's operating businesses participate. An example is in vehicles, where the number of vehicles in use is growing strongly, driving enhanced buying and selling of used vehicles.

Whilst they offer strong growth opportunities, in FDV's target regions the print to online switch that has characterised the classified advertising industry in developed markets over the past 15 years is still to get underway. Most classified advertising in these markets is still performed in print form, but as online access improves a similar print to online switch is likely to occur, given the inherent advantages of the online channel. Frost & Sullivan therefore considers that there are likely to be significant growth opportunities in online classified advertising in these frontier markets, and given the fragmented nature of the online classified industry, a large number of investment opportunities for FDV.

## 9. Definitions

The following definitions have been used in this report.

**Broadband:** broadband is defined as internet access with download speed above a specified bit rate. A broadband network generally uses several channels, as opposed to a single channel in a base band network. There is no universally agreed definition of broadband, however the Organisation of Economic Cooperation and Development (OECD) defines broadband as internet connections with download speed of more than 256 Kbps. Broadband access can be via a wired device or a mobile connection. A rapidly growing number of mobile phone networks now offer broadband speeds.

**Classified advertising:** classified advertising is a form of advertising in which items are advertised for sale, typically grouped (or classified) by category. The main types of items advertised in this format are real estate, automotive (cars, commercial vehicles and motorcycles), jobs and miscellaneous items (such as second hand goods and personal services). Classified advertising has traditionally been provided in newspapers or other printed publications, and has provided a significant revenue source for newspaper publishers. However, over recent years an increasing amount of classified advertising has been undertaken online. Classified advertisements are generally targeted at consumers, and may be

<sup>36</sup> Frost & Sullivan estimates based on IAB Online Advertising Expenditure reports and other media tracking data, such as Zenith Optimedia Marketing Factbooks

<sup>37</sup> Frost & Sullivan estimates based on historical IAB Online Advertising Expenditure reports and other media tracking data such as Zenith Optimedia Marketing Factbooks ; Frost & Sullivan forecasts for data after 2014 on historic growth rates, and taking account of the potential in each region for continued migration of advertising expenditure to the online channel

<sup>38</sup> Ericsson Mobility Report, 2015

placed by businesses (such as employers or real estate agents) or by individual consumers. Consequently, classified advertising is both a business-to-consumer (**B2C**) and consumer-to-consumer (**C2C**) business.

**Smartphones** are a variant of mobile phones that offer advanced functionality beyond making phone calls and sending text messages. Smartphones have the ability to access the internet with a screen size that provides an acceptable user experience. Smartphones can run third-party applications, which provide additional functionality to the user. The usability of smartphones is heavily dependent on the reliability and access speed of the mobile network that they are using, although they can also be used when connected to a local Wi-Fi network. The growing adoption of smartphones has led to a significant increase in online content consumed by consumers on a mobile device.

## 10. Disclosure

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in Frontier Digital Ventures and no interest in the outcome of the IPO. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the IPO. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan consents to the inclusion of this report in the Prospectus in the form and context in which it is included. As at the date of this report, this consent has not been withdrawn. Frost & Sullivan does not hold a dealer's license or Financial Services License. This report does not constitute advice in respect of the IPO.

## 11. About Frost & Sullivan

Frost & Sullivan is an independent market research and consulting group operating in 40 countries globally, of which Frost & Sullivan Australia Pty Ltd (**Frost & Sullivan**) is a member. Founded in New York in 1961, the Frost & Sullivan group now employs over 1,500 staff globally.

Frost & Sullivan has undertaken a number of market studies in the digital media and e-commerce sector on behalf of market participants and financial institutions, as well as producing a number of multi-client reports on the digital media and e-commerce industries.

In preparing this report, Frost & Sullivan has relied on information derived from reputable publicly available sources and industry publications. This research was undertaken in the month of March 2016.

All effort has been made by Frost & Sullivan to ensure that information in this report is accurate and appropriate at the time of writing. Conclusions, and assumptions attached to those conclusions, are based on Frost & Sullivan's investigations and analyses of the facts as they are known as at the date of this report and Frost & Sullivan is of the opinion that the conclusions and underlying assumptions are reasonable.

# Independent Market Report

All references to dollars in this report are to US dollars (US\$). When converting from other currencies, the exchange rate prevailing as at March 19 2016 has been used.<sup>39</sup>

Yours Sincerely



Mark Dougan  
Managing Director, Australia & New Zealand

<sup>39</sup> Source: Yahoo! Finance

**SECTION 3**

# Company Overview

# Company Overview

## 3.1 WHAT IS FRONTIER?

Frontier is focused on developing online classifieds businesses in underdeveloped, emerging countries or regions. Established in 2014 by Shaun Di Gregorio and Catcha Group, on Completion of the Offer, the Frontier Group will have shareholdings ranging from 30% to 76% in 15 Operating Companies that operate businesses across the markets of Pakistan, Myanmar, Sri Lanka, Tanzania, Uganda, Rwanda, Mozambique, Senegal, Ivory Coast, Cameroon, Ghana, DR Congo, Panama, Costa Rica, Nicaragua, Honduras, Angola, Nigeria and Morocco.

The Company's ambition is to become the leading operator of online classifieds businesses in its Target Markets. Frontier's operating headquarters is in Kuala Lumpur, Malaysia.



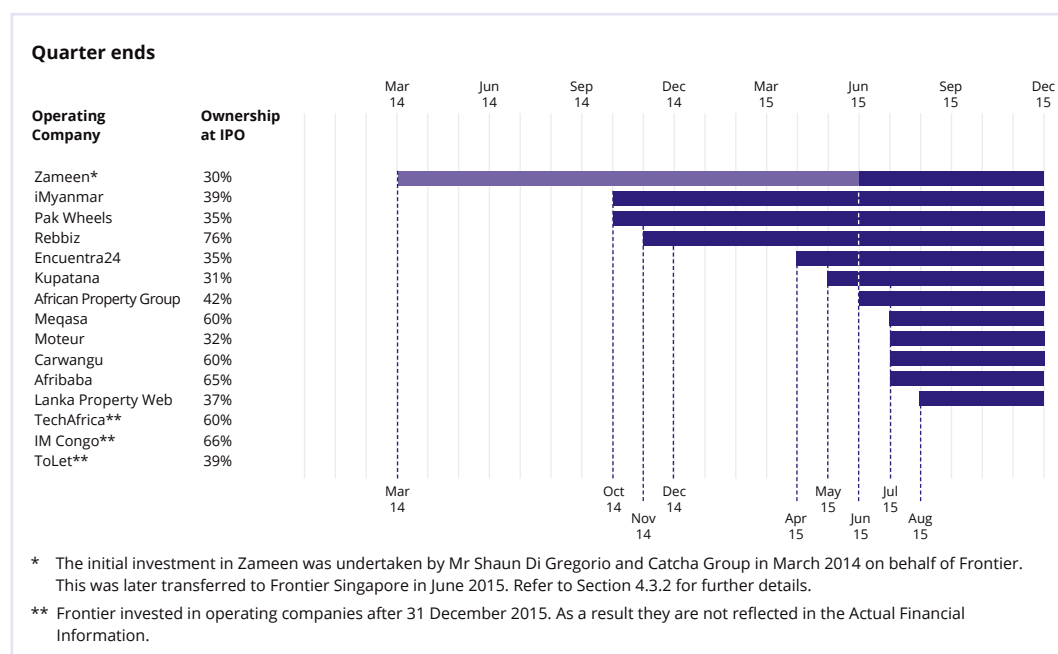
### 3.1.1 BACKGROUND AND CORPORATE STRUCTURE

Frontier Digital Ventures Pte Ltd was incorporated in Singapore as a private company on 4 April 2014 and was formed by Shaun Di Gregorio and Catcha Group. In November 2015, Frontier Digital Ventures Ltd was incorporated in Victoria, Australia and purchased all the shares in Frontier Digital Ventures Pte Ltd. All of Frontier's holdings in the Operating Companies are held through Frontier Digital Ventures Pte Ltd.

The Frontier Group's corporate structure before and after Completion of the Offer is in Appendix 1, and details of each of the Operating Companies is set out in section 3.3.

The timeline of Frontier's investments in the Operating Companies is set out in the following figure:

**Figure 1: Timeline of Investment in operating companies**





### 3.1.2 THE ONLINE CAR, PROPERTY AND GENERAL CLASSIFIEDS BUSINESSES

An online car classifieds business allows private sellers and car dealers to advertise their cars for sale to the audience of a website.

An online property classifieds business allows real estate agents, property developers and private sellers to advertise properties for sale or rent to the audience of a website.

An online general classifieds business allows individual sellers to advertise goods and/or services for sale or rent to the audience of a website.

Online classifieds businesses enjoy a number of competitive advantages over traditional classifieds models, including:

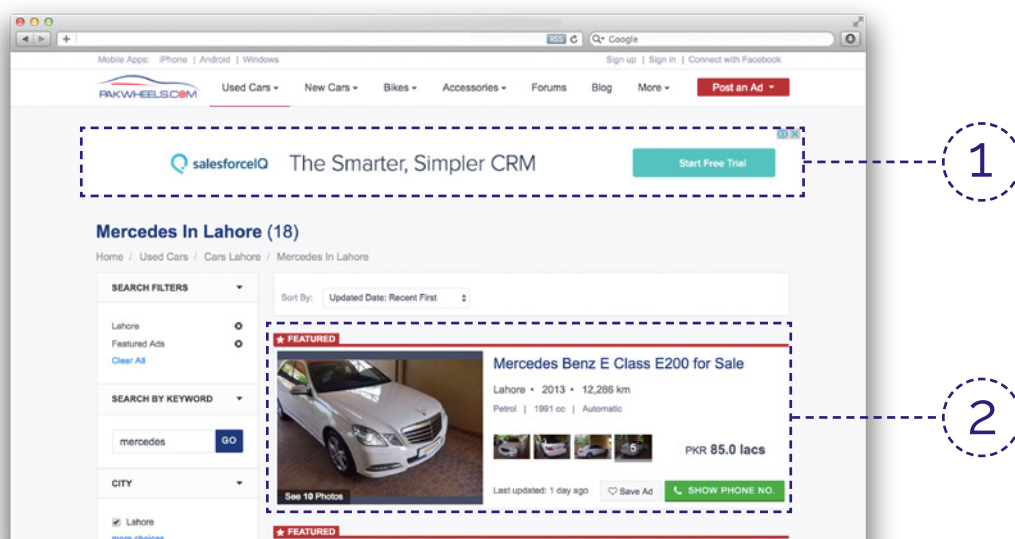
- **Searchability and relevance.** Where traditional advertising media such as newspapers offer static, text-based information on classifieds listings, online classifieds businesses offer a database that is searchable by numerous criteria, allowing the prospective buyer or renter to tailor the information viewed to their requirements.
- **Breadth and depth of information.** The amount of information available for each online classified listing is typically far larger than in a traditional print advertisement. This allows the advertiser to better describe their listing to the prospective buyer or renter by way of general information, pictures, detailed specifications, other relevant information and more, giving the prospective buyer or renter the ability to make more informed decisions before enquiring about listings in which they may be interested, further focusing the quality of buyer or renter leads driven to the advertiser.
- **Accessibility.** The nature of the internet allows prospective buyers or renters to access listings 24 hours a day, 7 days a week. Advertisers are also able to update their listings on a continual basis.

For the advertiser, this allows a cost-effective way to advertise their listings to interested consumers.

### 3.1.3 FRONTIER'S REVENUE MODEL

The Operating Companies in which Frontier invests will receive revenue in the form of advertising payments from two main sources:

- 1 the sale of general advertising space on their websites, related to the sale of motor vehicles, properties or general goods, to car companies, finance providers, insurance companies, car parts and accessories manufacturers, home products companies and general consumer brands; and
- 2 fees from industry participants or the general public for advertising their cars, properties, products or services for sale or rent on the Operating Companies' classifieds websites.



# Company Overview

Given the early stage nature of their businesses, the Operating Companies have initially allowed the creation of free listings in order to drive usage of the website and volume of inventory for prospective buyers. Over time, as the market develops and the relevant business establishes a market-leading position in terms of the number of listings and quantum of audience visiting its website, the Operating Companies typically begin charging for either premium listing products or subscriptions. Often these premium listing products are available to anyone who may list an item on an Operating Company's website and who wish to promote or position their listing in a more prominent manner to website visitors. Descriptions of the Operating Company websites in section 3.3 indicate approximately how many advertisers are paying for premium listing products or subscriptions.

## 3.1.4 FRONTIER'S TARGET MARKETS

Frontier focuses on the Target Markets, which are markets at a very early stage of online development, but with anticipated strong growth prospects. The Target Markets on which it focuses for future growth and strategic investments are clustered in five regions, which in total include over 50 separate countries, as per the table below. Countries in which the Operating Companies have operations are indicated by an asterisk.

SOUTH ASIA	EAST AFRICA	WEST AFRICA	CENTRAL AMERICA	MIDDLE-EAST / NORTH AFRICA (MENA)
Bangladesh	Botswana	Angola*	Costa Rica*	Algeria
Myanmar*	Burundi	Benin	Cuba	Bahrain
Nepal	Ethiopia	Burkina Faso	Dominican Republic	Egypt
Pakistan*	Kenya	Cameroon*	El Salvador	Jordan
Sri Lanka*	Madagascar	Cote d'Ivoire*	Guatemala	Iran
	Malawi	DR of Congo*	Haiti	Kuwait
	Mozambique*	Republic of Congo	Honduras*	Lebanon
	Rwanda*	Gabon	Nicaragua*	Libya
	Somalia	Ghana*	Panama*	Morocco*
	Tanzania*	Guinea	Puerto Rico	Oman
	Uganda*	Mali		Qatar
	Zambia	Nigeria*		Saudi Arabia
	Zimbabwe	Senegal*		Tunisia
		Togo		UAE
				Yemen

The strong position of Frontier's Operating Companies means Frontier is well placed for future growth in online classifieds advertising in its Target Markets. The key market forces that are expected to drive the Operating Companies' future revenue growth in the Target Markets are:

- exposure to 1.72 billion individuals, approximately 23% of the global population, in the Target Markets.<sup>13</sup> The average annual population growth in these markets is 1.91%, significantly ahead of the global average of 1.2% in 2015.<sup>14</sup>
- the increasing urbanisation of the populations in the Target Markets, with a greater percentage of the population living in cities, through migration from rural areas. Along with population growth, this will stimulate internet usage as internet infrastructure is usually significantly better in urban areas.
- an increase in transaction volumes in the verticals that the Operating Companies serve. For example, if an increase in the population living in formal private housing (owned or rented) occurs, this will drive increasing volumes of real estate transactions, and increased real estate classified advertising.

SOURCE: INDEPENDENT MARKET REPORT.

<sup>13</sup> Based on data from Worldometers (<http://www.worldometers.info/>), accessed March 2016.

<sup>14</sup> Based on data from Worldometers (<http://www.worldometers.info/>), accessed March 2016.

## 3.2 FRONTIER'S VISION AND STRATEGY

Frontier is focused on developing online classifieds businesses in underdeveloped, emerging markets. It seeks to partner with local entrepreneurs who have established an existing business with an early-stage advantage in either the online car, property of general classifieds space. Frontier acquires an equity interest in such businesses and then applies its management and operating expertise, and financial resources to seek to accelerate the growth and leadership position of the relevant business in its specific market. As a business moves to establish a leadership position, Frontier looks to increase its equity stake in the business, with a goal to ultimately acquiring 100% ownership as the business matures.

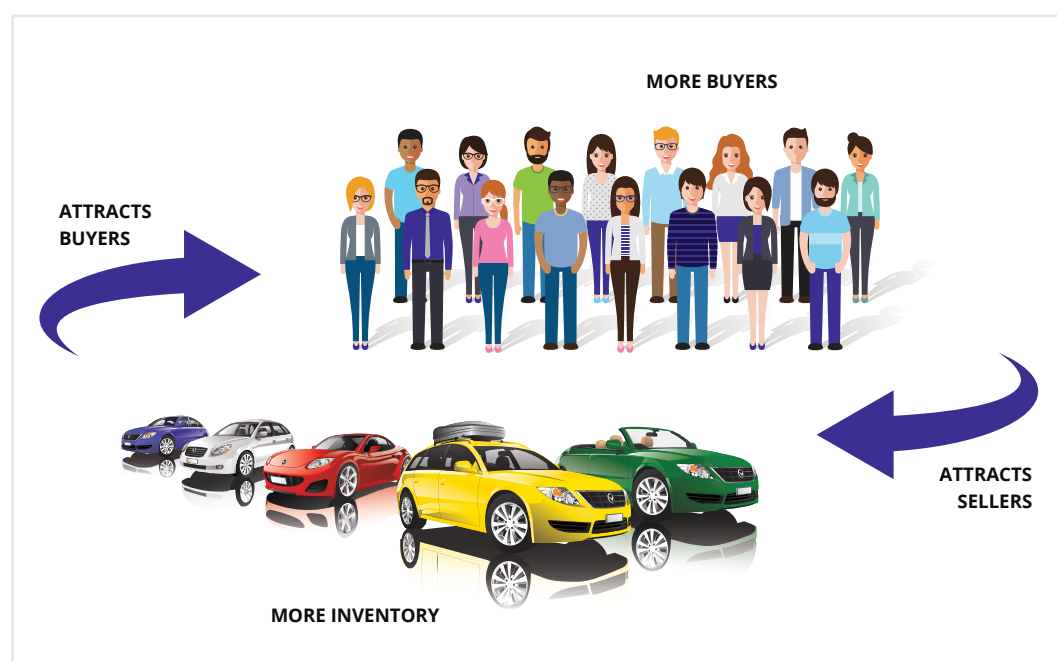
Each Operating Company seeks to execute its business model of offering advertisers online classifieds, which has a competitive advantage over traditional classifieds media. By offering online classifieds, the Operating Companies are able to provide a user with the following benefits:

- comprehensive information about the relevant product for sale or rent;
- greater transparency, measurability and accessibility than traditional media; and
- cost effectiveness and ease of use.

### 3.2.1 "LISTINGS FIRST" APPROACH TO THE ONLINE CLASSIFIEDS BUSINESSES

Frontier's Operating Companies have adopted a "listings first" approach to their classifieds websites, where they seek to have the largest number of relevant and active for sale or rent listings in their market.

As the markets in which the Operating Companies operate are still at an early stage in the development of online classifieds, Frontier believes that this approach affords the best opportunity to attract more potential buyers to the websites of the Operating Companies. This is expected to result in more leads to every advertiser, which encourages advertisers to continue to list more products for sale or rent, reinforcing the ability to attract more potential buyers to the websites. It is the realisation of this 'virtuous circle' that Frontier believes could lead to the development of a superior competitive advantage for the online classifieds businesses of the Operating Companies and create a barrier to entry for potential competitors.



SOURCE: INDEPENDENT MARKET REPORT.

## 3.3 OPERATING COMPANIES

Details of each Operating Company are summarised in the below table:

**Table 2: Details of the Operating Companies**

COUNTRY OF WEBSITE OPERATION	OPERATING COMPANY NAME	BUSINESS	INDUSTRY	HOLDING ON COMPLETION OF THE OFFER (INCLUDING SHARE SALES) <sup>15</sup>	HOLDING IF CALL OPTIONS <sup>16</sup> FULLY EXERCISED
Cameroon, Senegal and Ivory Coast	Afribaba Holdings Pte Ltd	Afribaba (.cm, .sn, .ci)	General classifieds	65%	65%
DR Congo	IMCongo Properties Pte Ltd	imcongo.com	Property classifieds	66%	75%
Angola	TechAfrica Pte Ltd	AngoCasa.com AngolaCarro.com	Property classifieds, car classifieds	60%	71%
Mozambique	African Property Portals Group t/a African Property Group	CasaMozambique.co.mz	Property classifieds	42%	42%
Ghana	Meqasa Holdings Pte Ltd	MeQasa.com	Property classifieds	60%	66%
DR Congo	Carwangu Pte. Ltd	CarWangu.com	Car classifieds	60%	60%
Myanmar	Rebbiz Pte Ltd	CarsDB.com	Car classifieds	76%	76%
Pakistan	Pakwheels Pte Ltd	Pakwheels.com	Car classifieds	35%	47%
Morocco	Moteur.ma	Moteur.ma	Car classifieds	32%	49%
Tanzania, Rwanda and Uganda	Kupatana AB	Kupatana (.com, .co.ug)	General classifieds	31%	31%
Sri Lanka <sup>17</sup>	Lanka Property Web (Private) Limited	LankaPropertyWeb.com	Property classifieds	37%	48%
Myanmar	iMyanmar Pte Ltd	iMyanmarHouse.com	Property classifieds	39%	43%
Panama, Costa Rica, Nicaragua and Honduras	Encuentra24.com AG	Encuentra24.com	General classifieds	35%	42%
Nigeria	ToLet.com.ng Limited	ToLet.com.ng	Property classifieds	39%	39% <sup>18</sup>
Pakistan	Zameen Limited	Zameen.com	Property classifieds	30%	30%

<sup>15</sup> Further detail in relation to the Share Sales is set out in section 3.4 and 9.4.4.

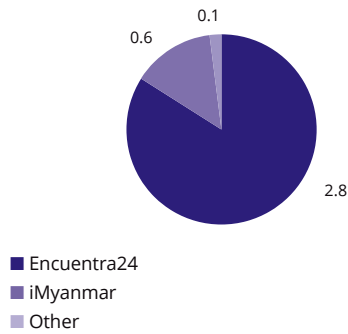
<sup>16</sup> Further detail in relation to the Call Options is set out in section 3.4 and 9.4.1.

<sup>17</sup> The shares in Lanka Property Web (Private) Limited are currently held by Shaun Di Gregorio, not the Frontier Group. Whilst Shaun Di Gregorio has agreed to transfer the shares to Frontier, this transfer is contingent on either approval of the Controller of Exchange of the Central Bank of Sri Lanka or a restructure of the operations of Lanka Property Web (Private) Limited (which would result in a transfer of assets of Lanka Property Web (Private) Limited (not the shares). Further, completion of the Share Sale Agreement under which Frontier will acquire an additional holding in Lanka Property Web (Private) Limited, is subject to conditions relating to whether or not certain Sri Lankan foreign investment approvals are obtained. In the event that these conditions are not satisfied or waived such that the Share Sale does not complete, Frontier's holding in Lanka Property Web (Private) Limited will be lower by 7.28%.

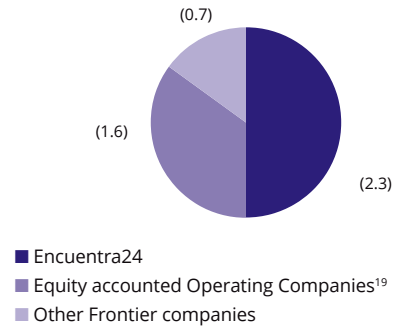
<sup>18</sup> ToLet.com.ng Limited has entered into an employee share ownership plan, which will result in Frontier's interest reducing to 37% over 24 months post-IPO.

The material contributions from consolidated Operating Companies to Frontier's revenue and NPAT (including equity accounted results) are set out below.

**Figure 2: CY15 pro forma revenue contribution of the Frontier Group (A\$m)**



**Figure 3: CY15 pro forma NPAT contribution of the Frontier Group (A\$m)**



It should be noted that Encuentra24 was acquired in May 2015, thereby representing only a part year contribution to Frontier Group's CY15 revenue and NPAT. The full year CY15 revenue and NPAT loss for Encuentra24 was \$4.3m and \$2.4m respectively.

In addition, several Operating Companies are not controlled and therefore equity accounted (refer to Section 4.2.2.2). As a result, \$0.7m of revenue of these equity accounted Operating Companies in CY15 is not reflected in Frontier pro forma revenue.

### 3.3.1 ZAMEEN.COM (PROPERTY)

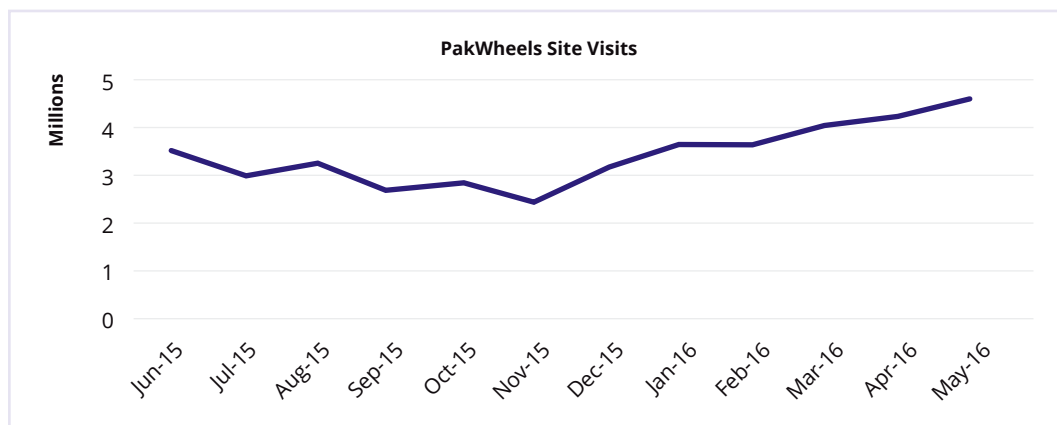
Founded in 2006, Zameen.com is a leading property portal in Pakistan, a market of approximately 190 million people. In May 2016, Zameen.com had approximately 317,000 property listings from over 9,900 real estate agents, some of whom are paying for premium listing products or subscriptions. In the same month, the site received over 3.2 million visits from Pakistan property buyers. Zameen.com has extensive reach across the country and is a leader among its competitors in all key operating metrics such as property listings, real estate agents and site visits. The business employs more than 600 people and has a heavy focus on product innovation, and a focus on growing its presence from major urban centres out into regional areas of Pakistan.

<sup>19</sup> The equity accounted Operating Companies in the Pro Forma Historical Results are Pakwheels Pte Ltd, Zameen Limited, Kupatana AB, Moteur.ma and African Property Portals Group t/a African Property Group. Refer to section 4.2.2.2 for further information regarding the control classification of the Operating Companies.

# Company Overview

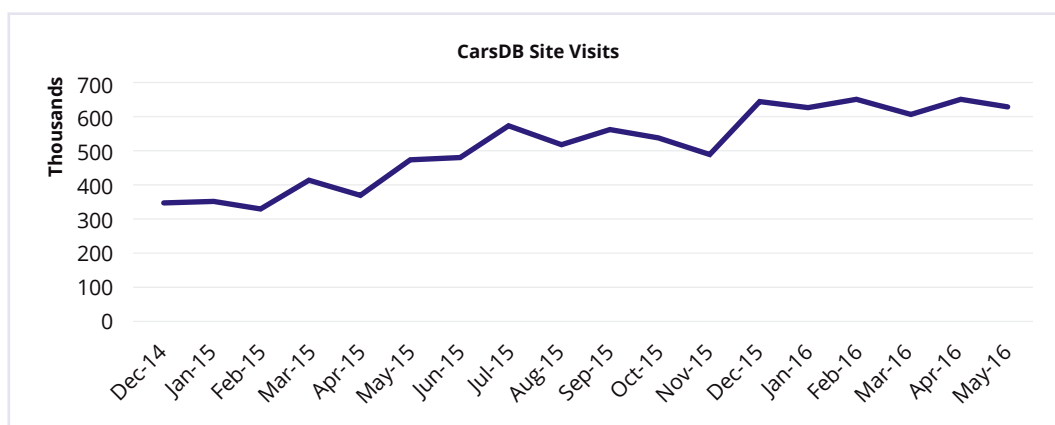
## 3.3.2 PAKWHEELS.COM (AUTOMOTIVE)

Founded in 2003, Pakwheels.com is a leading automotive portal in Pakistan, a market of approximately 190 million people. In May 2016, Pakwheels.com had approximately 40,000 car listings from over 2,050 car dealers, some of whom are now paying for premium listing products or subscriptions. In the same month, the site received approximately 5 million visits from Pakistan car buyers. Pakwheels also operates highly successful Auto Shows (with six shows held in 2015) where it sells exhibition space to car advertisers, attracting more than 330,000 motoring enthusiasts per year. The Auto Shows serve as a marketing tool to increase brand awareness and to deepen relationships with the automotive industry in Pakistan.



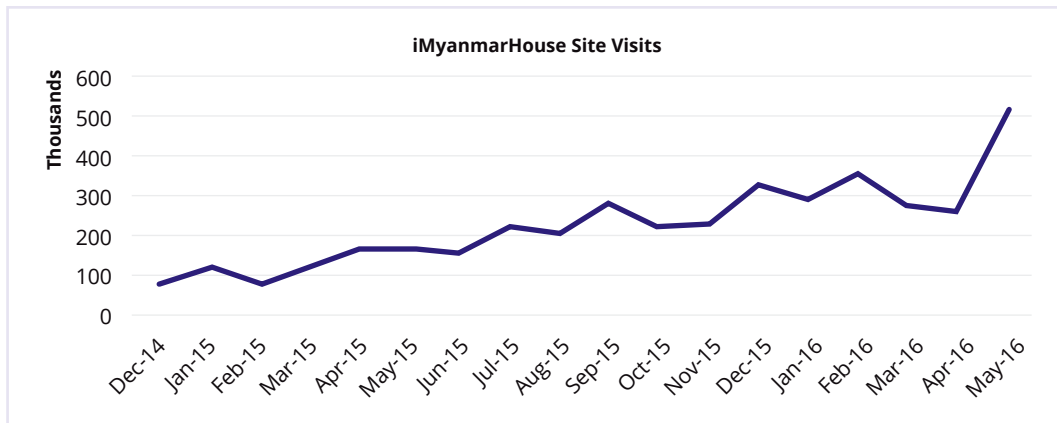
## 3.3.3 CARSDB.COM (AUTOMOTIVE)

Founded in 2013, CarsDB.com is a leading automotive portal in Myanmar, a market of approximately 53 million people. In May 2016, CarsDB.com had approximately 10,000 car listings from over 1,674 car dealers and agents, approximately 50 of whom are now paying for premium listing products or subscriptions. In the same month, the site received approximately 650,000 visits from Myanmar car buyers. The business has grown rapidly in recent months as a result of the government's relaxation of new car import laws, as well as rapid uptake of mobile access to the internet in Myanmar.



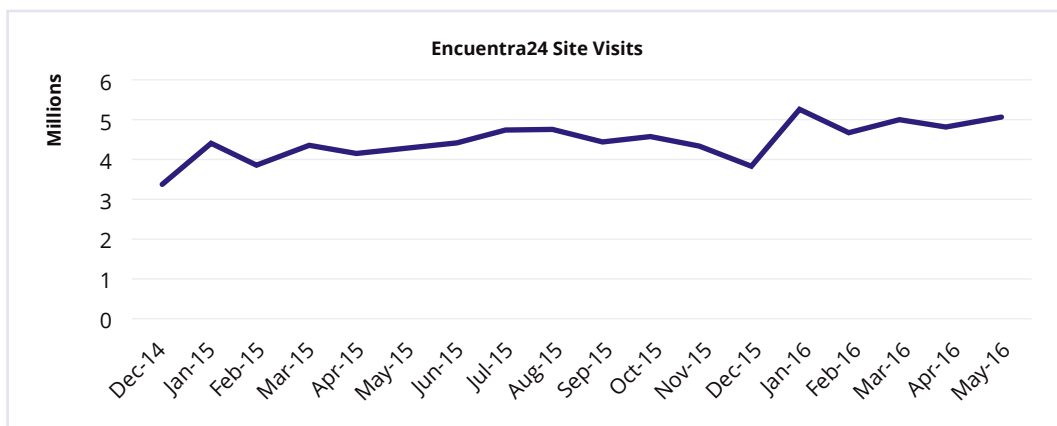
### 3.3.4 IMYANMARHOUSE.COM (PROPERTY)

Founded in 2013, iMyanmarHouse.com is a leading property portal in Myanmar, a market of approximately 53 million people. In May 2016, iMyanmarHouse.com had approximately 60,000 property listings from over 1,600 real estate agents, approximately 58 of whom are now paying for premium listing products or subscriptions. In the month of May, the site was visited by over 515,000 Myanmar property buyers. The business recently staged Myanmar's first Property Expo with more than 70 new property developers participating and also publishes a monthly property magazine. The Property Expo serves as a marketing tool to increase brand awareness and to deepen relationships with real estate industry participants in Myanmar.



### 3.3.5 ENCUESTRA24.COM (GENERAL CLASSIFIEDS)

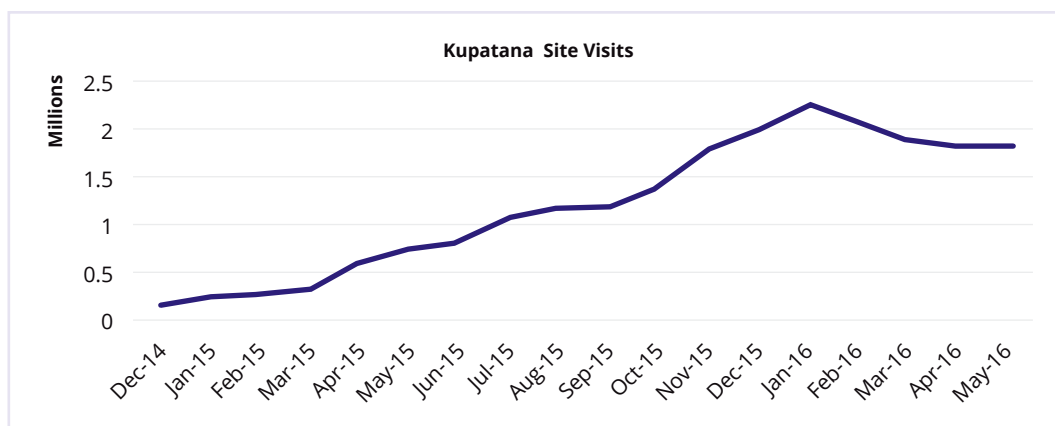
Founded in 2005, Encuentra24.com is a leading general classifieds portal in the Central American markets of Panama, Costa Rica, Nicaragua and Honduras, markets with a combined population of approximately 23 million people. In May 2016, Encuentra24.com had approximately 466,500 listings, most of which are paid for by advertisers, with over 364 used car dealerships and 1,285 real estate agents. In the same month, the site received over 5.05 million visits. Encuentra24.com aims to further grow its property and car classifieds businesses, and has released a stand-alone property portal, [www.inmobiliaria24.com](http://www.inmobiliaria24.com).



# Company Overview

## 3.3.6 KUPATANA (.COM, .CO.UG) (GENERAL CLASSIFIEDS)

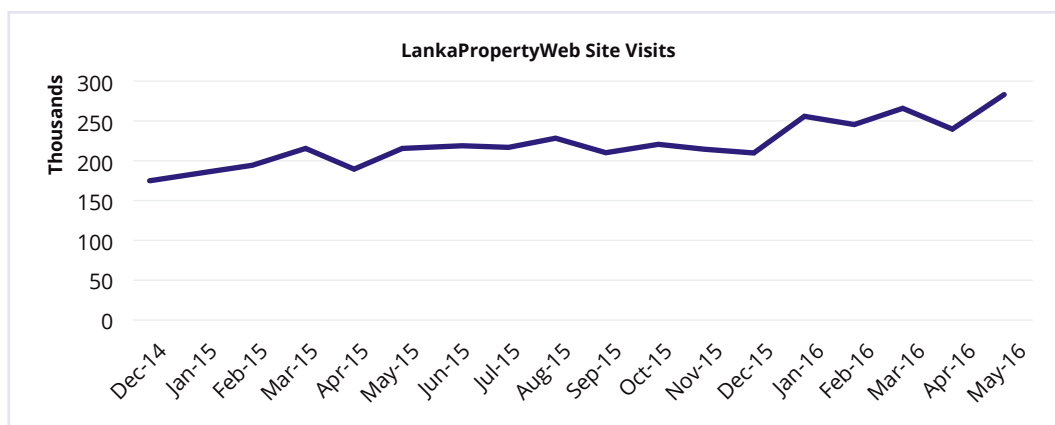
Founded in 2014, Kupatana.com is a leading general classifieds portal in Tanzania, with a growing presence in Uganda and early stage operations in the smaller adjacent markets of Rwanda and Burundi which have a combined population of approximately 108 million people. In May 2016, Kupatana.com had approximately 109,000 listings, none of which are paid for by advertisers at this stage. In the same month, the site received over 1.8 million visits from buyers in Tanzania and Uganda. Kupatana.com has adopted an aggressive 'mobile first' approach to its product roll out whereby products are first and primarily developed for mobile devices ahead of desktop computers.



## 3.3.7 LANKAPROPERTYWEB.COM (PROPERTY)

Founded in 2007, LankaPropertyWeb.com is a leading property portal in Sri Lanka, a market of approximately 20 million people. In May 2016, LankaPropertyWeb.com had approximately 19,000 property listings from approximately 1,300 active real estate agents, none of whom are paying at this stage. In the same month, the site received over 280,000 visits from Sri Lankan property buyers. The business has historically benefited from the large Sri Lankan expat community but with the rapid growth in the domestic economy is now focused on developing its business for the local market as opposed to focusing on expatriate Sri Lankans in other countries.

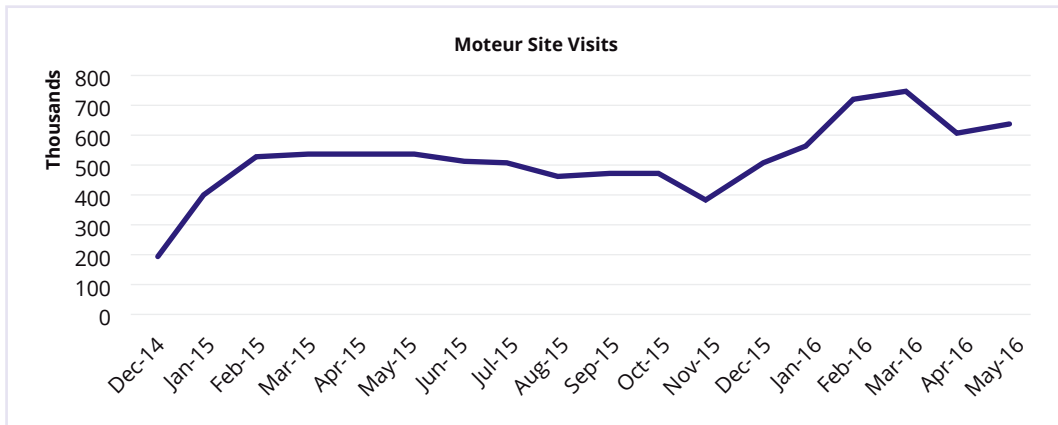
The shares in Lanka Property Web (Private) Limited are currently held by Shaun Di Gregorio, not the Frontier Group. Whilst Shaun Di Gregorio has agreed to transfer the shares to Frontier, this transfer is contingent on either approval of the Controller of Exchange of the Central Bank of Sri Lanka or a restructure of the operations of Lanka Property Web (Private) Limited (which would result in a transfer of assets of Lanka Property Web (Private) Limited (not the shares)).





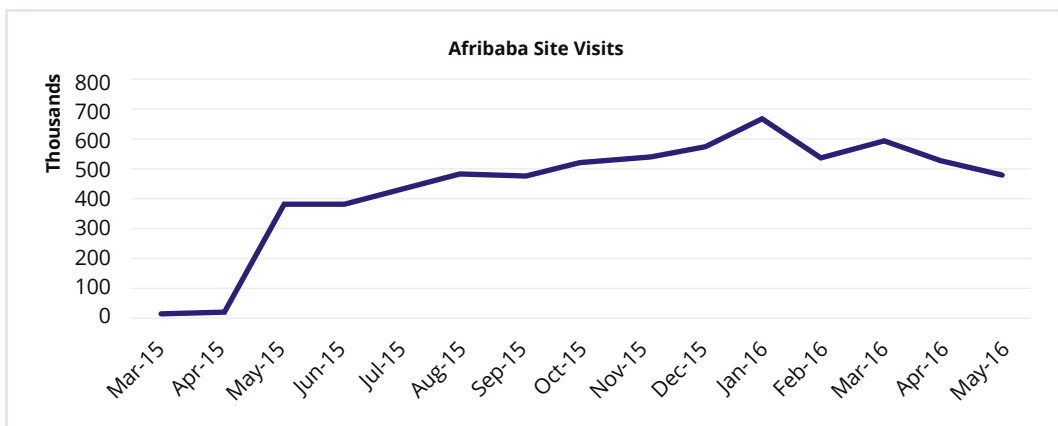
### 3.3.8 MOTEUR.MA (AUTOMOTIVE)

Founded in 2009, Moteur.ma is a leading automotive portal in Morocco, a market of approximately 33 million people. In May 2016, Moteur.ma had approximately 8,100 car listings from over 2,700 car dealers and agents, none of whom are paying at this stage. In the same month, the site received over 643,000 visits from Moroccan car buyers. The business will continue to invest in core operations and the growth of key metrics in 2016.



### 3.3.9 AFRIBABA (.CM, .SN, .CI) (GENERAL CLASSIFIEDS)

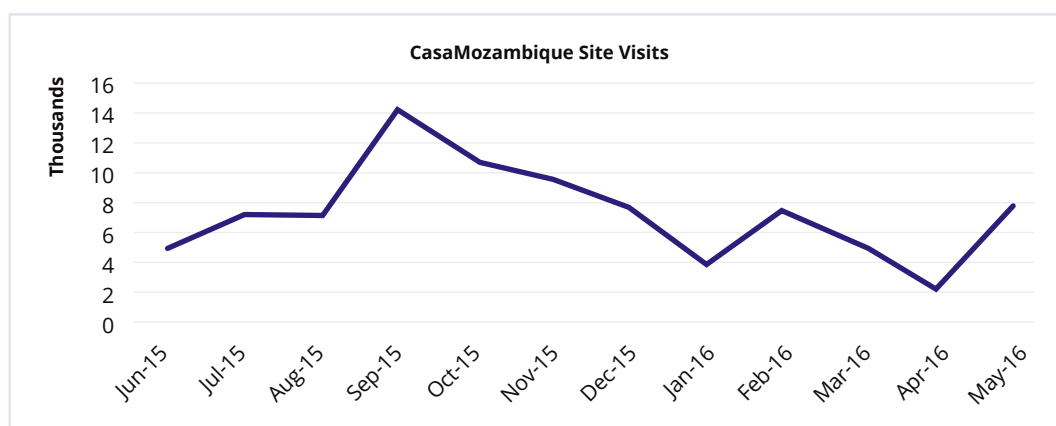
Founded in 2010, Afribaba (.cm, .sn, .ci) is a leading general classifieds portal in the markets of Cameroon, Senegal and Ivory Coast, markets with a combined population of approximately 56 million people. In May 2016, Afribaba (.cm, .sn, .ci) had approximately 71,000 listings in Cameroon and Senegal alone, none of which are paid for by advertisers at this stage. In the same month, the site received approximately 477,000 visits. Afribaba (.cm, .sn, .ci) has adopted an aggressive 'mobile first' approach to its product roll out whereby products are first developed for mobile devices ahead of desktop computers. The business will continue to invest in core operations and the growth of key metrics in 2016.



# Company Overview

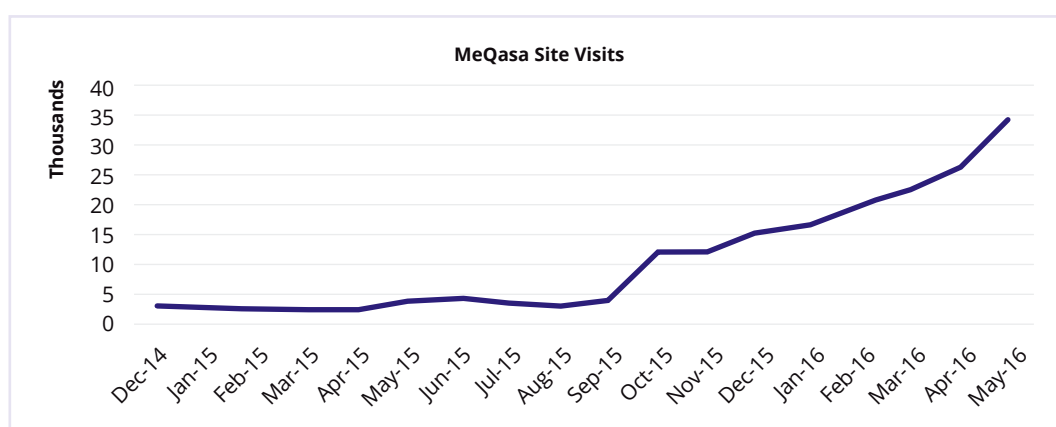
## 3.3.10 CASAMOZAMBIQUE.COM (PROPERTY)

Founded in 2013 and formerly known as PropertyMaputo.com, CasaMozambique.com is a leading property portal in Mozambique, a market of approximately 28 million people. In May 2016, CasaMozambique.com had approximately 17,000 property listings from over 870 real estate agencies, developers and resorts, approximately 84 of whom are now paying for premium listing products or subscriptions. In the month of May, the site was visited by over 7,800 Mozambique property buyers. The business recently underwent a significant upgrade of its technology and will continue to invest in core operations and the growth of key metrics in 2016.



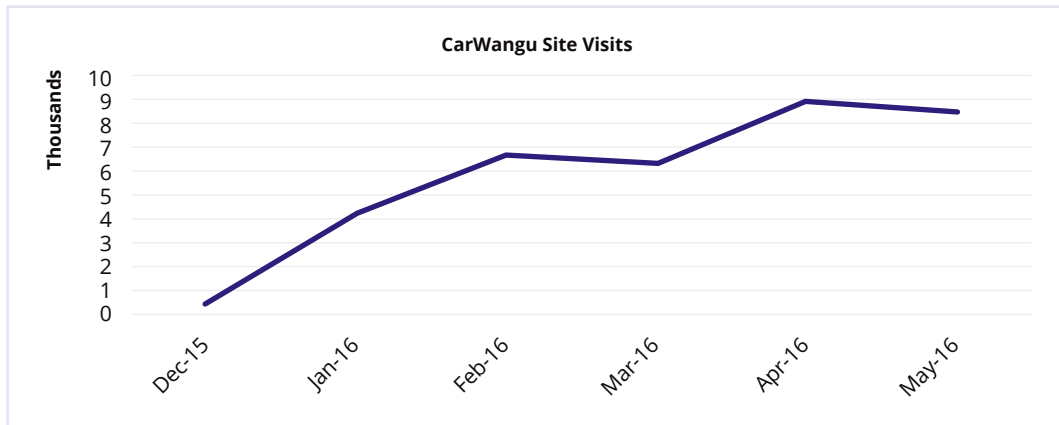
## 3.3.11 MEQASA.COM (PROPERTY)

Founded in 2013, MeQasa.com is a leading property portal in Ghana, a market of approximately 28 million people. In May 2016, MeQasa.com had approximately 22,000 property listings from over 990 real estate agencies and developers, none of whom are paying at this stage. In the same month, the site received over 34,000 visits from Ghana property buyers. The business is focused on growing its number of listings and audience in 2016.



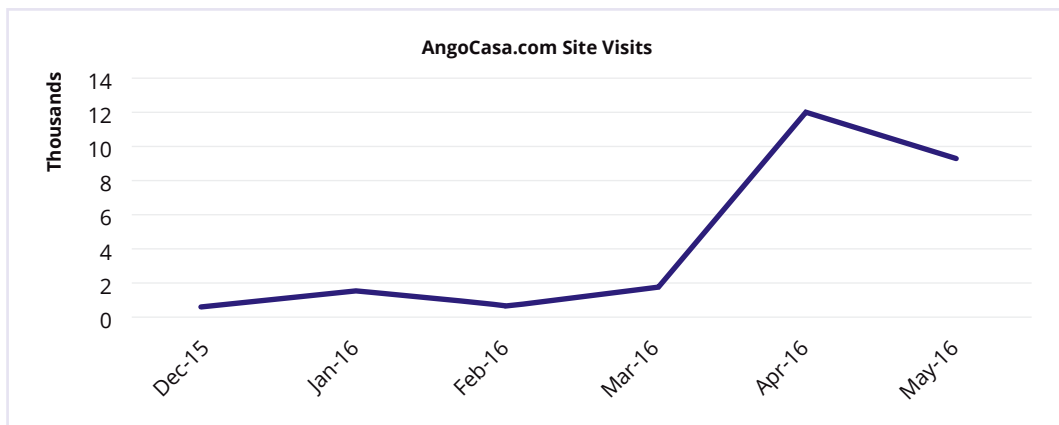
### 3.3.12 CARWANGU.COM (AUTOMOTIVE)

Founded in 2015, Carwangu.com is a leading automotive portal in Democratic Republic of Congo (DRC), a market of approximately 79 million people. In May 2016, Carwangu had approximately 2,270 car listings from over 750 car dealers and agents, none of whom are paying at this stage. In the same month, the site was visited by well over 8,400 DRC car buyers. The business will continue to invest in core operations and the growth of key metrics in 2016.



### 3.3.13 ANGOCASA.COM (PROPERTY)

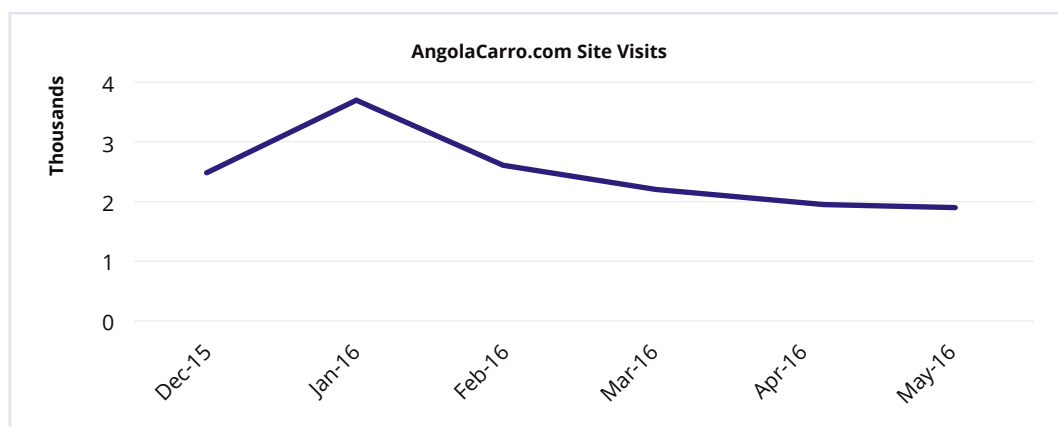
Founded in December 2015, Angocasa.com is a new property portal in Angola, a market of approximately 25 million people. The business is a start-up seeded by Frontier and as such it is working to build out its operations through 2016. In May 2016, Angocasa.com had approximately 2,300 property listings from about 72 real estate agents. In the same month, the site received over 9,200 visits from Angola property buyers.



# Company Overview

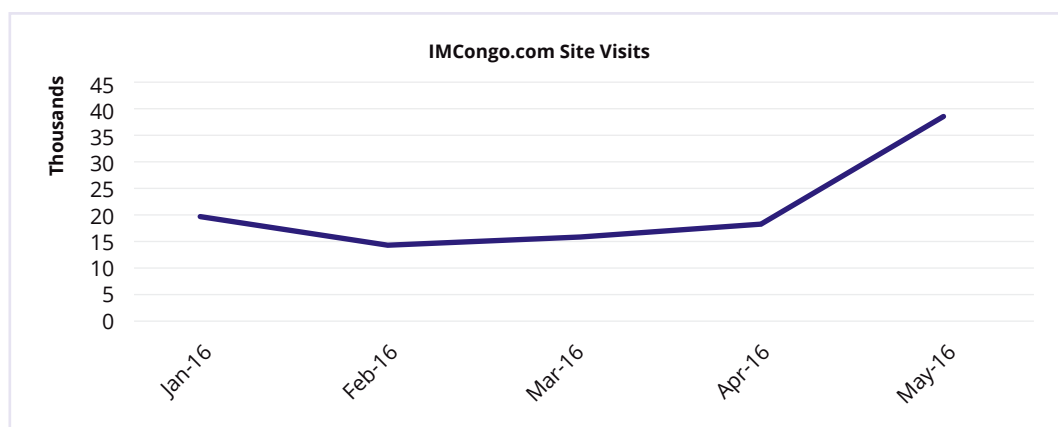
## 3.3.14 ANGOLACARRO.COM (AUTOMOTIVE)

Founded in December 2015, Angolacarro.com is a new automotive portal in Angola, a market of approximately 25 million people. The business is a start-up seeded by Frontier and currently has no material operating metrics as it is working to build out its operations through 2016. In May, the site received approximately 20,000 visits from Angolan car buyers.



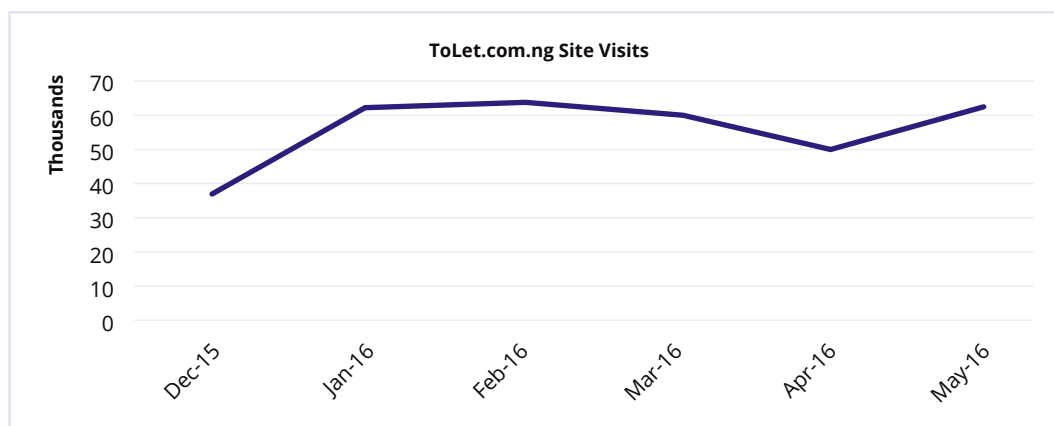
## 3.3.15 IMCONGO.COM (PROPERTY)

Founded in December 2015, IMCongo.com is a new property portal in Democratic Republic of Congo (DRC), a market of approximately 79 million people. The business is a start up seeded by Frontier and currently has early stage operating metrics as it is working to build out its operations through 2016. In May 2016, IMCongo.com had approximately 2,000 property listings from about 120 real estate agents. In the same month, the site received over 38,000 visits from DRC property buyers.



### 3.3.16 TOLET.COM.NG (PROPERTY)

Founded in March 2013, tolet.com.ng is a leading property portal in Nigeria, a market of approximately 186 million people. In May 2016, ToLet.com.ng had approximately 15,500 property listings from over 2,300 real estate agents. ToLet.com.ng receives commissions from real estate agents when properties listed are successfully rented or sold and does not charge listing or subscription fees. In May 2016, the site generated about 100 rentals on which it received commissions. In the same month, the site was visited by about 63,000 Nigerian property buyers. The business will continue to invest in core operations and the growth of key metrics in 2016.



## 3.4 ARRANGEMENTS WITH OPERATING COMPANIES

Given Frontier is not the only shareholder of each Operating Company, Frontier has a number of contracts in place for each Operating Company, which govern the ownership and operation of each Operating Company. These contracts are typically between Frontier Singapore, the relevant Operating Company, and the other shareholders of the Operating Company, and are summarised in detail in section 9.4 of the Prospectus. Generally, they include:

- A subscription agreement, which is the agreement under which Frontier Singapore originally obtained its interest in each Operating Company, by paying cash as consideration for an issue of shares in the relevant Operating Company. In some cases, these agreements provide for deferred consideration payments by Frontier Singapore in respect of shares already issued, require Frontier to subscribe for additional shares in exchange for payment in cash, and/or provide Frontier Singapore with a Call Option to increase its ownership of the relevant Operating Company in exchange for the payment of additional cash. Table 2 in section 3.3 contains details of the size of Frontier's interest in each Operating Company assuming the Call Options are exercised, and Table 13 in section 9.4.1.1 contains full details of the exercise price, period and amount of shares subject to Call Options for each Operating Company, details of the deferred consideration which may be payable by Frontier in respect of shares already issued in each Operating Company and details of the additional shares Frontier must subscribe for in exchange for additional payments in cash; and
- A Shareholders' Agreement, which is the agreement under which the Operating Company and its shareholders agree on the operation of the Operating Company. Generally, this agreement provides for director appointment rights, board and shareholder matters which require Frontier Singapore's approval, ongoing requirements for the operation of the relevant Operating Company as well as restrictions on transferring or issuing shares. It also requires the Operating Companies to provide Frontier Singapore with information on an ongoing basis, such as management accounts (generally on a monthly basis) and reviewed and audited accounts (for the 6 month period ended 30 June and 12 month period ended 31 December).

In respect of nine of the Operating Companies, Frontier has also entered into a Share Sale Agreement with the Operating Company Vendors, who have agreed to transfer additional shares in the Operating Company to Frontier, subject to and on or after Completion of the Offer. The consideration provided by Frontier in exchange for the shares in the Operating Companies is Shares in Frontier. Table 2 in section 3.3 assumes the Share Sales have occurred, and Table 14 in section 9.4.4 provides more detail on the number of shares being sold and the consideration being provided. A similar transaction is contemplated by the terms sheet for the Hatla2ee investment described in section 3.5.5.1.

## 3.5 KEY STRENGTHS OF FRONTIER'S BUSINESSES

### 3.5.1 STRONG MARKET POSITIONS

The Operating Companies' businesses enjoy strong positions in their respective markets. The Operating Companies each have operating metrics that are among the best in their respective market, as outlined in section 3.3 above.

### 3.5.2 ACTIVE IN GROWTH MARKETS

Frontier's Target Markets provide exposure to 1.72 billion individuals, approximately 23% of the global population.<sup>20</sup> Average annual population growth in these regions is 1.91%, significantly ahead of the global average of 1.2% in 2015.<sup>21</sup> Internet and smartphone penetration is growing rapidly and this growth is expected to continue. Growth in mobile internet access is stimulating an increased amount of advertising expenditure. This trend is apparent for the target markets where data is available.

### 3.5.3 ONLINE CLASSIFIED ADVERTISING IS GROWING IN FRONTIER'S TARGET MARKETS

Whilst online classified advertising is growing across the globe, the strongest growth in online classified advertising expenditure is occurring in developing and frontier markets, where the print to online migration is less advanced and where rapid increases in internet access are occurring.<sup>22</sup> Frost & Sullivan anticipates that by 2020, Asia Pacific, Middle East & Africa and Latin America will cumulatively account for over 40% of global online classified advertising expenditure.

### 3.5.4 PROVEN BOARD AND CHIEF EXECUTIVE OFFICER

Frontier's CEO and management have significant experience in developing and operating online business, including classifieds websites and online display advertising businesses in emerging markets globally.

### 3.5.5 FUTURE INVESTMENT OPPORTUNITIES

Frontier is retaining part of the Offer proceeds for expenditure on anticipated future investment opportunities in its Target Markets, as set out in section 7.1.4. Frontier aims to operate the leading classifieds players in every market in which it participates. As internet penetration and use in Frontier's Target Markets continues to grow, and as internet users become more accustomed to using the internet as a key medium through which they seek property, automotive and general products for sale, Frontier intends to be positioned to take advantage of the market's natural growth and will seek to invest in complementary businesses as and when value-enhancing opportunities arise.

As at the date of this prospectus Frontier has identified three further opportunities to invest in a business that operates in Frontier's Target Markets, being:

- Hatla2ee, an automotive classifieds business operating in Egypt;
- Nigeria Property Centre, a property classifieds business operating in Nigeria; and
- MerkatoDirect, a general classifieds business dealing in vehicles, real estate, jobs and electronics operating in Ethiopia.

<sup>20</sup> Based on data from Worldometers (<http://www.worldometers.info/>), accessed March 2016

<sup>21</sup> Based on data from Worldometers (<http://www.worldometers.info/>), accessed March 2016.

<sup>22</sup> See Frost & Sullivan Independent Market Report in section 2.

Frontier has entered into non-binding terms sheets to invest in each business, which are summarised below. It is intended that these investments will be made through subscription agreements and shareholders' agreements on substantially similar terms to the subscription agreements described in section 9.4.1 and the Shareholders' Agreements described in section 9.4.3. There is no guarantee that any or all of these investments will occur.

#### **3.5.5.1 HATLA2EE INVESTMENT**

Frontier and Hatla2ee entered into a terms sheet on 25 May 2016 under which Frontier proposes to invest up to US\$500,000 into Hatla2ee, and purchase an additional US\$100,000 worth of Hatla2ee shares from the founder of Hatla2ee. Frontier's US\$500,000 investment will be payable in four equal tranches, with the second, third and fourth tranches payable over time subject to certain performance targets being satisfied. Frontier intends that the consideration for the purchase of the US\$100,000 of shares from the founder of Hatla2ee be provided by way of an issue of shares in Frontier. Frontier will own 20.00% of the Hatla2ee business post the US\$500,000 investment, and 25.00% of the business following the purchase of the founder shares for \$US100,000.

#### **3.5.5.2 NIGERIAPROPERTYCENTRE INVESTMENT**

Frontier and Dilmak Solutions Ventures Limited (the owner of the Nigeria Property Centre business) entered into a terms sheet on 13 April 2016 under which Frontier proposes to invest up to US\$1,200,000. Frontier's investment is payable in two tranches of US\$800,000 and US\$400,000 with payment of the second tranche being subject to certain performance targets being satisfied. On payment of the first tranche, Frontier's ownership in the company will be 18.2%, and upon payment of the second tranche, Frontier's ownership of the company will be 25%.

#### **3.5.5.3 MERKATODIRECT INVESTMENT**

Frontier and MerkatoDirect entered into a terms sheet on 29 June 2016 under which Frontier proposes to invest up to US\$700,000 into MerkatoDirect. Frontier's US\$700,000 investment will be payable in four equal tranches, with the second, third and fourth tranches payable over time subject to certain performance targets being satisfied. Frontier will own 45.16% of the MerkatoDirect business post investment.





**SECTION 4**

# Financial Information

## 4.1 INTRODUCTION

This section contains the following actual historical financial information for Frontier Digital Ventures Pte Ltd (Frontier Singapore) and pro forma historical financial information for Frontier Digital Ventures Limited (Frontier) (collectively the Historical Financial Information).

### 4.1.1 FINANCIAL INFORMATION

**Actual Historical Financial Information** being the:

- Actual revenue and net profit after taxation (**NPAT**) for the 9 months ended 31 December 2014 (**CY14**) and the year ended 31 December 2015 (**CY15**) (**Actual Historical Results**);
- Actual operating cash flows for CY14 and CY15 (**Actual Historical Cash Flows**); and
- Actual balance sheet as at 31 December 2015 (**Actual Balance Sheet**).

**Pro Forma Historical Financial Information** being the:

- Pro forma income statements for CY14 and CY15 (**Pro Forma Historical Results**);
- Pro forma operating cash flows for CY14 and CY15 (**Pro Forma Historical Cash Flows**); and
- Pro forma balance sheet as at 31 December 2015 (**Pro Forma Balance Sheet**).

The Actual Historical Financial Information and the Pro Forma Historical Financial Information are collectively the **Financial Information**.

The Pro Forma Historical Financial Information assumes the Completion of the Offer. Frontier operates on a financial year ended 31 December.

### 4.1.2 ADDITIONAL INFORMATION

Also summarised in this section is:

- the basis of preparation of the Financial Information (Section 4.2);
- reconciliation of Actual to Pro Forma Financial Information (Sections 4.3.2, 4.4 and 4.5.2);
- information regarding certain non-International Financial Reporting Standards (**IFRS**) financial and operating measures (Section 4.2.3);
- the Company's proposed dividend policy (Section 4.6).

All amounts disclosed in Section 4 are presented in Australian dollars unless disclosed otherwise. Tables are rounded to the nearest \$1,000 and have not been amended to correct immaterial summation differences that may arise from this rounding convention.

The information in this Section should also be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

## 4.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

### 4.2.1 OVERVIEW

The Directors of Frontier are responsible for the preparation and presentation of the Financial Information. The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the historical financial performance, cash flows and financial position of Frontier.

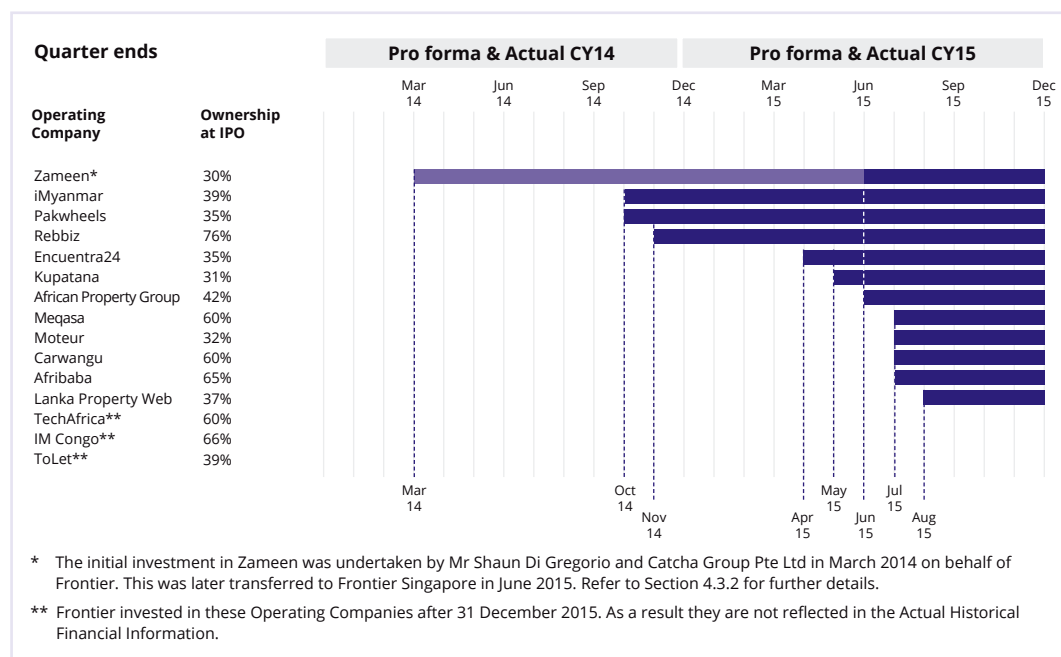
Given the fact that Frontier is in an early stage of development, there are significant uncertainties associated with forecasting the future revenues and expenses of Frontier. On this basis the Directors believe that there is no reasonable basis for the inclusion of financial forecasts in this Prospectus.

The Financial Information has been reviewed by the Investigating Accountant as set out in the Independent Limited Assurance Report on Financial Information in Section 8. Investors should note the scope and limitations of the Independent Limited Assurance Report on Financial Information (refer Section 8).

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles described in the Australian Accounting Standards (AAS) adopted by the Australian Accounting Standards Board (AASB), which are consistent with IFRS issued by the International Accounting Standards Board (IASB).

Frontier Singapore, a company incorporated under the laws of Singapore, was established on 4 April 2014, therefore CY14 represents the 9 month period from incorporation to 31 December 2014. Frontier Singapore subsequently made investments in the following Operating Companies over the historical period, as set out in Figure 4 below:

**Figure 4: Timeline of investment in operating companies**



Frontier Digital Ventures Limited (Frontier), a company incorporated in Australia, was incorporated on 9 November 2015. On 23 November 2015 the group undertook a restructure, under which Frontier Digital Ventures Limited became the new parent company of Frontier Singapore.

For accounting purposes, the Directors are of the opinion that the restructure represents a reorganisation of the economic entity Frontier and its subsidiaries that resulted in the Company becoming the parent entity of the Frontier Group. Accordingly, for the purposes of the Financial Information, no adjustments have been made to the value of the assets and liabilities of Frontier Singapore on the basis that the new group is the same economic entity.

The first financial period for Frontier will be the fourteen month period from incorporation to 31 December 2016. Therefore, the Financial Information has been sourced from the financial statements of Frontier Singapore which were prepared in accordance with Singapore Financial Reporting Standards (SFRS), which are consistent with IFRS. There are no material differences between financial information prepared under AAS, SFRS and IFRS. The Frontier Group's accounting policies have been consistently applied throughout the periods presented. A summary of key accounting policies is available on the Company's website at <http://frontierdv.com>.

The Financial Information is presented in an abbreviated form and does not contain all of the disclosures, statements or comparative information required by AAS for annual financial reports prepared in accordance with the Corporations Act.

## 4.2.2 PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Pro Forma Historical Financial Information has been prepared solely for inclusion in this Prospectus. It has been based on the financial statements available on the Company's website at <http://frontierdv.com>. WSC Partnership, a Singapore based accounting firm, audited the CY14 and CY15 special purpose financial statements of Frontier Singapore and its subsidiaries issuing unqualified opinions for each of those periods. In addition, audits were completed for the following Operating Companies by their respective auditors, each issuing unqualified opinions:

- Zameen Media (private) Limited (year ended 31 December 2015) – Mudassar Ehtisham & Co Chartered Accountants;
- Pakwheels (Private) Limited (year ended 30 June 2015) – A.F. Ferguson & Co, Chartered Accountants, a member firm of the PwC network;
- Rebbiz Company Limited (year ended 30 June 2015 and 6 months ended 31 December 2015) – Khin & Khin Associates;
- Encuentra24.com (year ended 31 December 2015) – Ernst & Young Ltd, Switzerland;
- Kapatana AB (year ended 31 December 2015) – Öhrlings PricewaterhouseCoopers AB;
- iMyanmar (year ended 31 December 2015) – NGWE Inzaly; and
- Meqasa (year ended 31 December 2015) – Tabariyeng & Associates.

In preparing the Pro Forma Historical Financial Information, adjustments were made to the actual results to reflect the operating structure that will be in place following Completion of the Offer.

A reconciliation of the actual results to the Pro Forma Historical Financial Information is provided in Sections 4.3.2, 4.4 and 4.5.2.

### 4.2.2.1 INVESTMENT IN OPERATING COMPANIES

As audited financial information is not available for several of the Operating Companies (refer to Section 4.2.1) prior to investment by Frontier Singapore, the Directors have concluded that there is not an appropriate or reasonable basis to adjust the Actual Historical Results in an accurate manner for the pro forma impact of the pre-investment financial results of all the invested businesses.

Frontier has invested in the following businesses after 31 December 2015:

**Table 3: Frontier investments made in 2016**

	DATE	INVESTMENT	SHAREHOLDING
TechAfrica	5 February 2016	USD 60,000	60.0%
IMCongo	16 February 2016	USD 175,000	65.9%
ToLet.com.ng	13 May 2016	USD 600,000	39.5%

\* Table 3 above includes the impact of Share Sales on Completion of the Offer (see Section 9.4.4)

Consistent with the approach discussed above, no adjustment has been made in the Pro Forma Historical Results for pre-investment results for the above Operating Companies which were invested in after 31 December 2015. However, the Pro Forma Historical Balance Sheet has been adjusted to reflect the cash outflow and net assets acquired.

#### 4.2.2.2 CHANGE IN ACCOUNTING CONTROL

As at 31 December 2015, each of the above Operating Companies in Figure 4 were equity accounted in the Actual Historical Financial Information. As part of the IPO process Frontier has renegotiated Shareholders' Agreements and will complete Share Sale Agreements with several Operating Companies on Completion of the Offer (refer to Section 9.4.4). As a result of these amendments, Share Swaps and Frontier's existing Call Options, Frontier will be considered to control 10 of the 15 Operating Companies under AAS and consolidate their results. The Pro Forma Historical Results and Pro Forma Historical Cash Flows assume that these Operating Companies were therefore controlled and consolidated from the date of Frontier's initial investment. The Pro Forma Historical Balance Sheet assumes that the change to control and therefore consolidation for the 7 applicable Operating Companies occurred on 31 December 2015 (refer to Sections 4.3, 4.4 and 4.5 for further details). A summary of the accounting classification for both the Actual and Pro Forma Historical Financial Information by entity has been included in Figure 5 below:

**Figure 5: Summary of the accounting treatment of operating companies in Actual Historical Financial Information and Pro Forma Historical Financial Information**

	31 DECEMBER 2015 ACTUAL FINANCIAL INFORMATION	POST OFFER REPORTING
<b>Operating companies</b>		
Zameen	Equity Accounted	Equity Accounted
iMyanmar	Equity Accounted	Consolidated
Pakwheels	Equity Accounted	Equity Accounted
Rebbiz	Equity Accounted	Consolidated
Encuentra24	Equity Accounted	Consolidated
Kupatana	Equity Accounted	Equity Accounted
African Property Group	Equity Accounted	Equity Accounted
Meqasa	Equity Accounted	Consolidated
Moteur	Equity Accounted	Equity Accounted
Carwangu	Equity Accounted	Consolidated
Afribaba	Equity Accounted	Consolidated
Lanka Property Web	Equity Accounted	Consolidated
TechAfrica*		Consolidated
IM Congo*		Consolidated
ToLet*		Consolidated

\* Frontier invested in these Operating Companies after 31 December 2015. As a result they are not reflected in the Actual Historical Financial Information.

To the extent existing Call Options mature and are not exercised (see Section 9.4.1.1), certain controlled Operating Companies may revert from being consolidated to equity accounted in future financial reporting periods.

## 4.2.3 EXPLANATION OF CERTAIN FINANCIAL MEASURES NOT DEFINED IN INTERNATIONAL FINANCIAL REPORTING STANDARDS

Frontier uses certain measures to manage and report on its business that are not recognised under AAS. These measures are collectively referred to in Section 4 as non-IFRS measures under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. The principal non-IFRS financial measures that are referred to in this Prospectus including the following:

- **Working capital** is trade and other receivables, and other current assets less trade and other payables and provisions; and
- **Net free cash flow** is operating free cash flow less capital expenditure.

Although the Directors believe these measures provide useful information about the financial performance of the Company, they should be considered as supplements to the income statements that have been presented in accordance with the AAS and not as a replacement for them. Because these non-IFRS financial measures are not based on AAS, they do not have standard definitions and the way that the Frontier Group calculates these measures may differ from similarly titled measures by other companies. Potential investors should therefore not place undue reliance on these non-IFRS financial measures.

## 4.2.4 EXCHANGE RATES USED

The functional currency for Frontier Singapore is USD, whilst the presentation currency for the Frontier Group is AUD. Exchange rates used in preparing the accounts of Frontier Singapore in USD and presentation of both Actual Historical Financial Information and Pro Forma Historical Financial Information in AUD are as follows:

**Table 4: Exchange Rates**

	CY14		CY15	
	Spot Rate	Average	Spot Rate	Average
AUD : USD	0.8186	0.8983	0.7299	0.7517
SGD : USD	0.7563	0.7880	0.7086	0.7279
GHS : USD	0.3123	0.3373	0.2620	0.2659
PKR : USD	0.0099	0.0098	0.0095	0.0097
MMK : USD	0.0010	0.0010	0.0008	0.0009
CHF : USD	1.0098	1.0916	1.0074	1.0359
LKR : USD	0.0076	0.0077	0.0069	0.0074
MAD : USD	0.1106	0.1187	0.1010	0.1028
COP : USD	0.0004	0.0005	0.0003	0.0004
MZN : USD	0.0302	0.0320	0.0213	0.0263
SEK : USD	0.1289	0.1456	0.1187	0.1190
GBP : USD	1.5574	1.6460	1.4803	1.5287
NGN : USD	0.0055	0.0060	0.0050	0.0051

Notes:

- (1) Spot exchange rate at 31 December of relevant year.
- (2) Average exchange rates used for CY14 based on average month end exchange rate from 31 March 2014 through 31 December 2014.
- (3) Average exchange rates used for CY15 based on average month end exchange rate from 31 January 2015 through 31 December 2015.
- (4) Source: [www.oanda.com/currency/historical-rates/](http://www.oanda.com/currency/historical-rates/)

To the extent Frontier Singapore generates revenues, incurs substantial expenses or invests in currencies other than USD in the future, such as SGD or AUD, the Frontier Singapore functional currency may change in future financial periods.

## 4.3 HISTORICAL INCOME STATEMENTS

### 4.3.1 OVERVIEW

Table 5 sets out the Pro Forma Historical Results for CY14 and CY15.

**Table 5: Pro Forma Historical Results for CY14 and CY15**

A\$ in thousands	CY14	CY15
<b>Revenue</b>	<b>28</b>	<b>3,474</b>
Employee expenses	(29)	(1,244)
Sales and Marketing expenses	(15)	(3,623)
Administrative Expenses	(70)	(2,427)
<b>Total operating expenses</b>	<b>(114)</b>	<b>(7,294)</b>
Other income and expenses	98	852
Depreciation	(0)	(26)
Share of NPAT of equity accounted investments	(753)	(1,612)
<b>Profit / (loss) before tax (PBT)</b>	<b>(742)</b>	<b>(4,606)</b>
Taxation	-	(26)
<b>Net profit / (loss) after tax (NPAT)</b>	<b>(742)</b>	<b>(4,632)</b>
(Loss) / profit attributable to the Company	(738)	(2,807)
(Loss) / profit attributable to non-controlling interests	(4)	(1,825)

Notes:

- (1) The pro forma historical NPAT is reconciled to the actual historical NPAT in Section 4.3.2.
- (2) Incremental public company costs – No adjustment has been made in the Pro Forma Historical Results to reflect incremental annual costs that the Company will incur as an Australian Publicly Listed entity. However, the Directors have estimated these costs will be approximately \$1.7 million per annum, including: Chairman and other Non-Executive Director remuneration, additional audit and legal costs, listing fees, share registry costs, Director's and officer's insurance premiums as well as investor relations, annual general meeting and annual report costs. This estimate includes non-cash expenses such as estimated share based payments.

## 4.3.2 PRO FORMA ADJUSTMENTS TO THE ACTUAL INCOME STATEMENTS

In presenting the pro forma income statements included in Section 4.3, certain adjustments to the Actual Historical Results have been made to exclude the impact of non-recurring items and other normalisation adjustments. These adjustments are summarised below in Table 6.

**Table 6: Pro forma adjustments to the Actual Historical Results for CY14 and CY15**

A\$ in thousands	CY14	CY15
<b>Actual Revenue</b>	-	-
1. Change in Control - Revenue impact	28	3,474
<b>Pro forma revenue</b>	<b>28</b>	<b>3,474</b>
<b>Actual NPAT</b>	<b>2</b>	<b>(1,860)</b>
1. Change in Control - NPAT impact	10	(2,398)
2. Consolidated impact of Frontier Digital Ventures Limited	-	(53)
3. Zameen pre transfer results	(753)	(136)
4. Rebbiz other income	-	(186)
<b>Pro forma NPAT</b>	<b>(742)</b>	<b>(4,632)</b>

**Notes:**

- (1) Change in Control – (Revenue and NPAT Impact) – Per Section 4.2.2 as a result of amendments to Shareholder Agreements as well as the Share Sales on Completion of the Offer, Frontier's investment in several Operating Companies changed to Control after 31 December 2015 (refer to 4.2.2.2 for further details). This adjustment reflects the associated change from equity accounting to consolidation as if Frontier had controlled these Operating Companies since the original investment.
- (2) Consolidated impact of Frontier Digital Ventures Limited - Frontier's audited Actual Financial Information accounts reflects that of Frontier Singapore, a Singapore company, which was head company of the Frontier Group until 23 November 2015 (refer to Section 4.2.1). This adjustment reflects the consolidated impact of including Frontier Digital Ventures Limited results in the Pro Forma Historical Results. The Frontier Digital Ventures Limited results reflect operating costs from incorporation on 9 November 2015 to 31 December 2015 which were largely legal fees associated with incorporation and interest income on pre-IPO raise funds.
- (3) Zameen pre transfer results - The initial investment in Zameen Limited in March 2014 was made by Mr Shaun Di Gregorio and Catcha Group Pte Ltd. The Zameen Limited investment was subsequently transferred to Frontier Singapore in June 2015.  
The Actual Historical Financial Information reflects the Zameen results for the period June 2015 to 31 December 2015. This adjustment reflects Zameen's net loss after tax as if Frontier Singapore had held the investment from March 2014.
- (4) Rebbiz other income – In CY15 Rebbiz wrote off a USD 130k (\$186k) loan from a related party. As a result, on writing off the loan Rebbiz recognised a gain in other income. This adjustment removes the impact of this write off on the basis it is one-off and non-recurring.



## 4.4 HISTORICAL BALANCE SHEET

Set out in Table 7 is the Actual Balance Sheet as at 31 December 2015. Pro forma adjustments have been made to take into account the effect of changes in control (refer to 4.2.2.2), Completion of the Offer and the capital structure that will be in place following Completion of the Offer as if they had occurred or were in place as at 31 December 2015.

**Table 7: Actual and Pro Forma Historical Balance Sheet as at 31 December 2015**

A\$ in thousands	AUDITED FRONTIER DIGITAL VENTURES PTE LTD	CONSOLIDATED IMPACT OF FRONTIER DIGITAL VENTURES LIMITED (1)	CONVERSION OF SHAREHOLDER LOAN TO EQUITY (2)	IMPACT OF PRE-IPO FUND RAISING (3)	CHANGE IN CONTROL - IMPACT OF SHAREHOLDER AGREEMENT AMENDMENTS AND SHARE SALES (4)	IMPACT OF POST 31 DECEMBER 2015 ACQUISITIONS (5)	IMPACT OF THE OFFER (6)	PRO FORMA
<b>Current assets</b>								
Cash & cash equivalents	49	5,363	-	500	1,359	64	26,616	33,951
Trade and other receivables	35	1,190	-	-	216	8	-	1,449
Deposits	-	-	-	-	11	-	-	11
Prepayments	-	-	-	-	51	-	-	51
<b>Total current assets</b>	<b>84</b>	<b>6,553</b>	<b>-</b>	<b>500</b>	<b>1,638</b>	<b>72</b>	<b>26,616</b>	<b>35,463</b>
<b>Non-current assets</b>								
Plant and Equipment	1	-	-	-	204	67	-	271
Investments accounted for using the equity method	15,796	-	-	-	(5,423)	-	-	10,373
Intangible assets	-	-	-	-	16,461	651	-	17,112
<b>Total non-current assets</b>	<b>15,797</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,241</b>	<b>718</b>	<b>-</b>	<b>27,756</b>
<b>Total assets</b>	<b>15,881</b>	<b>6,553</b>	<b>-</b>	<b>500</b>	<b>12,879</b>	<b>790</b>	<b>26,616</b>	<b>63,219</b>
<b>Current liabilities</b>								
Trade and other payables	(288)	-	-	-	(450)	(12)	-	(750)
Related party loans	(17,183)	15,828	1,355	-	(281)	(1)	-	(282)
Deferred Consideration	(315)	-	-	-	-	(233)	-	(548)
Provisions and accruals	(9)	(56)	-	-	(7)	(1)	-	(73)
Net tax payable	-	-	-	-	(39)	(4)	-	(43)
<b>Total liabilities</b>	<b>(17,795)</b>	<b>15,772</b>	<b>1,355</b>	<b>-</b>	<b>(776)</b>	<b>(251)</b>	<b>-</b>	<b>(1,695)</b>
<b>Net assets</b>	<b>(1,914)</b>	<b>22,325</b>	<b>1,355</b>	<b>500</b>	<b>12,103</b>	<b>539</b>	<b>26,616</b>	<b>61,524</b>
<b>Equity</b>								
Share capital	0	32,361	1,355	500	4,625	484	26,855	66,181
Accumulated (losses) / profits	(1,859)	(54)	-	-	12,001	-	(240)	9,848
Reserves	(55)	(9,981)	-	-	-	-	-	(10,037)
<b>Attributable to the Company</b>	<b>(1,914)</b>	<b>22,325</b>	<b>1,355</b>	<b>500</b>	<b>16,626</b>	<b>484</b>	<b>26,616</b>	<b>65,992</b>
Non-controlling interests	-	-	-	-	(4,523)	55	-	(4,469)
<b>Total equity</b>	<b>(1,914)</b>	<b>22,325</b>	<b>1,355</b>	<b>500</b>	<b>12,103</b>	<b>539</b>	<b>26,616</b>	<b>61,524</b>

# Financial Information

## Notes:

- (1) Consolidated impact of Frontier Digital Ventures Limited – The Actual Financial Information reflects that of Frontier Singapore, a Singapore company, which until 23 November 2015 was head company of the Frontier Group. The consolidated impact of including Frontier Digital Ventures Limited in the Pro Forma Historical Balance Sheet as at 31 December 2015 primarily reflects the inclusion of \$5.4m of cash & cash equivalents, \$1.2m of trade and other receivables and elimination of a \$15.8m related party loan between Frontier Digital Ventures Limited and Frontier Singapore.  
As discussed at 4.2.1 the Directors are of the opinion that the restructure represents a reorganisation of the economic entity Frontier. As a result of the reorganisation, a \$10.0m common control reserve is recognised.
- (2) Conversion of Shareholder Loan to Equity – In February 2016, a \$1.4m shareholder loan from Frontier Singapore to founding investors Catcha Group and Mr Shaun Di Gregorio was converted to equity in Frontier Digital Ventures Limited. The impact of this debt to equity conversion has been reflected in this adjustment.
- (3) Impact of pre-IPO fund raising – In July 2016 Frontier completed a pre-IPO fund raising of \$500k from Anncy Capital Partners Pte Ltd, a company related to David Baxby, Chairman of the Board.
- (4) Change in Control – Impact of Shareholders' Agreement amendments and Share Sales – As discussed in Section 4.2.2 due to amendments to Shareholders' Agreements and the execution of Share Sales on Completion of the Offer, Frontier's investment in several Operating Companies change to Control after 31 December 2015 (refer to Section 4.2.2.2 for further details).  
This adjustment reflects the associated change from equity accounting to consolidation of the results of these Operating Companies as if the Shareholders' Agreement amendments and Share Sales had occurred on 31 December 2015. This adjustment reflects:
  - Consolidation of the balance sheets of Operating Companies previously equity accounted in the Actual Balance Sheet at 31 December 2015;
  - Elimination of the asset 'Investments accounted for using the equity method' (\$5.4m);
  - Recognition of a \$12.0m fair value gain on change of control;
  - Recognition of provisional intangible assets (\$16.5m) as a result of the change in control. Under AAS, Frontier has up to 12 months from the date of acquisition to complete its initial acquisition accounting. Any adjustment to the fair values based on circumstances existing at acquisition date, including associated tax adjustments, within this 12 month period will have an equal and opposite impact on the provisional intangible asset recorded on acquisition. Accordingly, any such adjustments will have no impact on the aggregate of the net assets or Frontier's net profit after tax with the exception of amortisation charges in relation to identifiable limited life intangible assets; and
  - Recognition of non-controlling interest in relation to non-controlled balances recognised on consolidation (\$4.5m).
- (5) Impact of post 31 December 2015 investments – Frontier invested in IM Congo, TechAfrica and ToLet for USD 175k, USD 60k and USD 600k respectively. This adjustment reflects the consolidation of their unaudited net assets acquired. Each of these investments were for the subscription of new shares in the Operating Companies. As a result, the cash & cash equivalents are retained within the Frontier Pro Forma Balance Sheet. This adjustment also reflects the Share Capital and Non-controlling interests impact of Share Sales executed by each of the post 31 December 2015 investments.
- (6) Impact of the Offer – As a consequence of the Offer, Issued Capital increases \$26.9m through the issue of new shares in relation to the Offer (\$30.0m) less Offer costs of \$3.1m (net of GST) that are offset against equity. The adjustment also reflects \$0.2m of non-deductible GST as an expense through Accumulated (losses) / Profit.

## 4.4.1 INDEBTEDNESS AND CAPITALISATION

The Frontier Group did not have any financing facilities or external loans as at 31 December 2015.

#### 4.4.2 LIQUIDITY AND CAPITAL RESOURCES

Set out in Table 8 below is a summary of pro forma cash & cash equivalents as at 31 December 2015:

**Table 8: Pro forma cash & cash equivalents - Dec-15**

A\$ in thousands	NOTE	
Frontier Digital Ventures Limited (Frontier)		27,033
Frontier Digital Ventures Pte Ltd (Frontier Singapore)		49
<b>Total cash - Frontier and wholly owned subsidiaries</b>	<b>1</b>	<b>27,082</b>
<b>Operating Companies (controlled)</b>		
Encuentra24		1,910
Rebbiz		1,399
Meqasa		440
iMyanmar		1,187
Afribaba		220
Carwangu		137
Lanka Property Web		368
<b>Total cash - Operating Companies (controlled)</b>	<b>2</b>	<b>5,661</b>
<b>Operating Companies (controlled - 2016 acquisitions)</b>		
ToLet		830
IM Congo		240
TechAfrica		138
<b>Total cash - Operating Companies (controlled - 2016 acquisitions)</b>	<b>2,3</b>	<b>1,208</b>
<b>Pro forma cash</b>		<b>33,951</b>

Notes:

- (1) Reflects pro forma cash & cash equivalents which is held and managed by Frontier and wholly owned subsidiaries at 31 December 2015. Frontier pro forma cash & cash equivalents reflect the payment of \$4.3m of post 31 December 2015 Call Options exercised and deferred consideration (refer to note 2 below) as well as payment of USD 835k (\$1.1m) in relation to post 31 December 2015 acquisitions (refer to note 3 below).
- (2) Reflects pro forma cash & cash equivalents held by controlled Operating Companies. Whilst these Operating Companies are controlled by Frontier they are not wholly owned subsidiaries. The pro forma cash & cash equivalents balance includes the impact of post 31 December 2015 Call Options exercised and deferred consideration paid to controlled Operating Companies (\$4.3m).
- (3) Pro forma cash & cash equivalents includes Frontiers investment of USD 175k, USD 60k and USD 600k in IM Congo, TechAfrica and ToLet respectively (\$1.1m in aggregate). Each of these investments were for the subscription of new shares. As a result, the cash & cash equivalents are retained within the Frontier Pro Forma Historical Balance Sheet.

Excluding the pro forma impact of the Offer and the pre-IPO raise, in Q4 2015 the pro forma cash & cash equivalents balance decreased by \$1.5m largely due to expenses from operating activities in Operating Companies. The Directors expect to have sufficient cash to complete its stated objectives (refer to sources and uses of funds in Section 7.1.4).

Frontier's historical working capital and capital expenditure are set out in Section 4.5.

## 4.4.3 CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENCIES

**Table 9: Pro forma contractual obligations and commitments**

A\$ in thousands	NOTE	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL COMMITMENTS
Operating lease commitments	1	93	547	-	641
Deferred consideration	2	548	1,596	-	2,144

Notes:

- (1) Operating lease commitments – The operating leases primarily reflect rental leases of controlled Operating Company offices and equipment.
- (2) Deferred consideration - reflects tranche payments in relation to several subscription agreements Frontier has entered into with several Operating Companies (refer to Section 9.4.1.1 for further details). Deferred consideration of \$2.1m reflects the full value of the tranche payment commitments. The tranche payments are subject to milestones (generally relating to the number of active listings on the website of the Operating Company). The deferred consideration liability of \$548k which is included in the Pro Forma Historical Balance Sheet reflects the Director's estimate of the amount payable based on their current expectations of the Operating Companies achieving the prescribed milestones. As at the date of the prospectus, \$315k of the above deferred consideration had been paid.

In addition, Frontier holds contingencies in relation to Call Options under the subscription agreements (refer to Section 9.4.1.1 for further details) which are summarised in Table 10 below.

**Table 10: Pro forma contingencies as at 31 December 2015**

A\$ in thousands	NOTE	OPTIONS AS AT 31 DECEMBER 2015 (COST TO EXERCISE)	EXERCISED PRE IPO (COST TO EXERCISE)	REMAINING CALL OPTIONS POST IPO (COST TO EXERCISE)
Encuentra24		4,157	1,439	2,718
Pakwheels	1	3,425	343	3,083
Rebbiz		1,137	1,137	-
African Property Group		343	343	-
Meqasa		411	-	411
iMyanmar		1,370	959	411
Moteur		452	-	452
Lanka Property Web		274	-	274
IM Congo		274	-	274
TechAfrica	2	378	-	378
<b>Total</b>		<b>12,221</b>	<b>4,220</b>	<b>8,001</b>

Notes:

- (1) Pakwheels pro forma contingencies reflected above include USD 500k (\$685k) of tranche payments, of which USD 250k (\$343k) was paid prior to Completion of the Offer. This tranche payment is reflected as a contingency as Frontier will receive additional equity on completion (refer to Section 9.4.1.1 for further details).
- (2) Frontier holds a Call Option in relation to TechAfrica which is exercisable at February 2017 for USD 207k (\$284k) or February 2018 for USD 276k (\$378k). The contingency in Table 10 above reflects the Director's estimate that the Call Option will be exercised in February 2018.

## 4.5 HISTORICAL CASH FLOWS

### 4.5.1 OVERVIEW

Table 11 sets out the Pro Forma Historical Cash Flows for CY14 and CY15.

**Table 11: Pro Forma Historical Cash Flow for CY14 and CY15**

A\$ in thousands	CY14	CY15
<b>Pro forma NPAT</b>	<b>(742)</b>	<b>(4,632)</b>
Depreciation	0	26
Share of NPAT of equity accounted investments	753	1,612
Other non cash items	(98)	(852)
Changes in working capital	12	(999)
<b>Net operating cash flow</b>	<b>(74)</b>	<b>(4,845)</b>
Capital expenditure	(0)	(376)
<b>Net free cash flow</b>	<b>(75)</b>	<b>(5,221)</b>
Investments in associated companies	(3,298)	(3,699)
Proceeds from related party loans	5,554	12,039
<b>Net cash flow (after investments and proceeds from related party loans and issue of new shares)</b>	<b>2,181</b>	<b>3,119</b>

Notes:

(1) The cash flow impact of the Offer has not been adjusted into the Pro Forma Historical Cash Flows presented above.

## 4.5.2 PRO FORMA ADJUSTMENTS TO THE ACTUAL OPERATING CASH FLOWS

Table 12 sets out the adjustments that have been made to the historical operating cash flows to eliminate certain non-recurring items.

**Table 12: Pro forma adjustments to Statutory Historical Cash Flows for CY14 and CY15**

A\$ in thousands	NOTE	CY14	CY15
<b>Statutory operating cash flow</b>		<b>(108)</b>	<b>(408)</b>
<b>Adjustments to NPAT</b>	1	(743)	(2,772)
<i>Less non-cash items in adjustments to NPAT</i>			
FX gains		-	(192)
Depreciation		0	26
Zameen pre transfer results		753	136
Impact of change in control (Share of loss of associated companies)		(19)	(509)
Impact of change in control (working capital)	2	42	(1,073)
Consolidated impact of Frontier Digital Ventures Limited	3	-	(53)
<b>Pro forma operating cash flow</b>		<b>(74)</b>	<b>(4,845)</b>

Notes:

- (1) Adjustments to NPAT – refer to 4.3.2 for details of each adjustment.
- (2) Impact of change in control (working capital) reflects the impact of Shareholders' Agreement amendments and Share Sales – As discussed in Section 4.2.2, this adjustment reflects the recognition of working capital balances of controlled Operating Companies which are not recognised under equity accounting.
- (3) Consolidated impact of Frontier Digital Ventures Limited – The Actual Historical Financial Information accounts reflect that of Frontier Singapore, a Singapore company, which until 23 November 2015 was head company of the Frontier Group. This adjustment reflects the consolidated impact of including Frontier Digital Ventures Limited in the Frontier Group.

## 4.6 DIVIDEND POLICY

The Directors have no current intentions of declaring or paying dividends in the immediate future as it is their intention to reinvest cash earnings back into the Frontier Group to further develop the business. The Frontier Board will review this policy as appropriate and the declaration and amounts of any dividends are at the sole discretion of the Frontier Board. In making a decision concerning dividends, the Frontier Board will take into account Frontier's earnings for the period, future capital requirements and other relevant factors such as the outlook for the Frontier Group.

**SECTION 5**

# Risk Factors

The area of business in which the Company operates is subject to numerous risk factors both of a general nature and risks which are specific to its business activities. The potential effect of these risk factors either individually, or in combination, may have an adverse effect on the future financial and operating performance of the Company, its financial position, its prospects and/or the value of the Shares.

This Section describes what the Company considers to be the key risks associated with investing in the Company. You should carefully consider these factors in light of your personal circumstances and seek professional advice from your stockbroker, accountant, lawyer or other professional adviser before deciding whether to invest.

This Section should not be considered to be an exhaustive list of every possible risk associated with an investment in the Company. The types of risks the Company is exposed to can change over time and vary with changes in economic, technological, environmental and regulatory conditions both generally within the automotive and property industries and within the online classifieds and content sector specifically.

This section also discusses risks faced by the Operating Companies. The importance of each of the risks discussed in this context may differ as between different Operating Companies, depending on the jurisdictions in which that Operating Company is incorporated and operates, and the nature of the Operating Company's operations.

Before making any decision to invest in the Company, potential investors should read the entire Prospectus. In particular potential investors should be aware that there is no certainty that the Company will achieve its stated objectives or that any forward-looking statements will occur. Any investment in the Company should only be considered in light of these risks, as the occurrence of any of the risks set out in this Section either individually or in combination could have a material adverse impact on the Company's operating performance and profits.

An investment in Frontier should also be considered in light of the:

- early stage of the Operating Companies' businesses and, more generally, the online classifieds sectors in the countries where the Operating Companies currently operate or may operate in the future;
- relationship of the Operating Companies' businesses to the economic cycle in the markets where they currently operate or may operate in the future; and
- reliance of Frontier on income denominated in foreign currencies, which may depreciate in value against the Australian dollar (which Frontier will report in), as well as the requirement by Frontier to pay amounts to the Operating Companies (described in section 9.4.1.1) in US dollars, which may appreciate in value against the Australian dollar.

## 5.1 RISKS SPECIFIC TO AN INVESTMENT IN THE COMPANY

### 5.1.1 EARLY-STAGE BUSINESS RISK

Frontier consists of a portfolio of businesses (run by the Operating Companies) that are in the early stages of development. These early-stage businesses may not have well-developed business strategies in place, strong customer and supplier relationships or a strong market reputation. Early market advantages, positions or market share, if any, may not be durable, and the businesses are not yet in a position of profitability nor do they generate consistent, meaningful revenue. Further, only some of these businesses currently generate revenue from customers for listing products or subscriptions, and although Frontier's intention is that all of the businesses charge for such services in the future, there is no guarantee that this will eventuate. As such, there is a risk that the businesses will not be successful in penetrating the Target Markets, achieving their targets or otherwise becoming successful. The businesses may also experience differing degrees of growth (should they grow at all). Should these businesses underperform or fail, this may have a broader impact on the ability of Frontier to meet its objectives, and could adversely impact the financial position and performance of Frontier or the value of the Shares.

Further, given the early stage nature of their businesses, it is likely the Operating Companies will not be able to fund their operations out of operating cash flows, and will require additional capital over time. If Frontier does not participate in any capital raisings undertaken by an Operating Company, there is a risk the Operating Company may not be able to continue to operate. Furthermore, if other investors, excluding Frontier, participate in the capital raising, Frontier's percentage holding in the Operating Company may be reduced.



### 5.1.2 ISSUES ASSOCIATED WITH OTHER SHAREHOLDERS IN OPERATING COMPANIES

Frontier is not the sole owner of each Operating Company, and in many cases does not hold a majority equity position in each Operating Company. As such it is one of a number of shareholders of each Operating Company.

Where Frontier does not have a majority equity position in an Operating Company, it must rely on the Shareholders' Agreements (described in section 9.4.2) in place in respect of the Operating Companies to ensure it can exercise control over that Operating Company. Furthermore, despite the terms of the Shareholders' Agreements, Frontier may not be able to exercise full control over the operations of the Operating Companies.

Disagreements with the other shareholders of an Operating Company, in particular with an Operating Company's founders, including with respect to the operations, directions or policies of the Operating Company may adversely impact on Frontier's ability to guide the operations of the Operating Company, which may impact on its ability to achieve its goals, and there is no guarantee Frontier will be able to resolve these disputes.

Frontier intends to increase its ownership of the Operating Companies over time. Although it has Call Options over shares in some of the Operating Companies, in some cases it has no legal rights to increase its ownership and it will be required to reach agreements with other shareholders in the Operating Companies in order to purchase their shares. Any failure to reach agreements on terms acceptable to Frontier could adversely impact on Frontier's ability to meet its goals.

Further, in the case of Kupatana AB, not all other shareholders are parties to the Shareholders' Agreement in respect of Kupatana AB. As such, these shareholders will not be bound by the terms of the Shareholders' Agreement and the obligations in it, which operate for the protection of Frontier. For example, these shareholders will not be subject to the regimes which restrict disposal of shares in Kupatana AB, the 'drag along' provisions which allow a majority shareholder to force a sale of shares held by minority shareholders in Kupatana AB, and other provisions such as confidentiality or non-compete restrictions. A detailed summary of the Shareholders' Agreements is set out in section 9.4.3.

The Shareholders' Agreement for Kupatana AB also contains a number of differences when compared to the Shareholders' Agreements for the other Operating Companies. A key difference includes that the Shareholders' Agreement has a 6 year term from 27 May 2015, which is automatically extended for two year periods unless terminated by 6 months written notice after the sixth anniversary of the agreement.

As such, there is a risk that the protections Frontier has under the Shareholders' Agreement for Kupatana AB will cease to exist, which could have an adverse impact on Frontier's operations, financial position or performance.

Frontier is also relying on its ability to enforce the Shareholders' Agreements against other shareholders in the Operating Companies. In many cases, the jurisdictions in which the other shareholders are based are developing countries, where it might be difficult to enforce the terms of the Shareholders' Agreements against the other shareholders. An inability to enforce the terms of the Shareholders' Agreements could have a material adverse impact on Frontier.

### 5.1.3 OPERATIONS IN DEVELOPING COUNTRIES

Frontier's Operating Companies all operate in developing countries. As a general rule, the economic, political and legal environment in these countries is not as developed or stable as in Australia or other developed countries.

Some of these countries have historically been subject to changes in political power that have immediate and significant effects on business. The future of these countries may contain political instability in the form of coups, military activity, revolutions and anarchy. Political and social upheaval in Frontier's markets may adversely affect its business operations.

Further, the Operating Companies conduct their businesses in countries that may not have developed or stable legal, regulatory or tax systems. If any legal, regulatory or tax issues relating to Frontier or the Operating Companies arise in these countries, they may be subject to unknown laws and legal, regulatory or tax processes.

# Risk Factors

Furthermore, given the nature of the jurisdictions in which the Operating Companies operate, there is a risk that foreign ownership laws may adversely impact Frontier's ability to hold or increase its interests in the Operating Companies or engage in activities such as repatriating funds from the Operating Companies or their subsidiaries in the relevant jurisdictions.

This carries with it a number of risks to Frontier's operations, including risks which may impact on Frontier's ability to own or operate the Operating Companies, their subsidiaries, or the success of the businesses they run. Any of these risks eventuating may impact on Frontier's financial position and performance.

Examples of these risks include:

- Meqasa Limited, as a foreign owned entity under Ghanaian laws, is required to be registered with the Ghana Investment Promotion Centre (GIPC), in order for Meqasa Limited to undertake business operations in Ghana. If registration with the GIPC fails to complete, this could have a material adverse impact on the operations of Meqasa Holdings Pte Ltd, and in turn on Frontier.
- in the case of Lanka Property Web (Private) Limited, the shares in Lanka Property Web (Private) Limited are currently held by Shaun Di Gregorio, not the Frontier Group. Whilst Shaun Di Gregorio has agreed to transfer the shares to Frontier, this transfer is contingent on either approval of the Controller of Exchange of the Central Bank of Sri Lanka or a restructure of the operations of Lanka Property Web (Private) Limited. Should the transfer of shares in Lanka Property Web (Private) Limited fail to complete, this will result in Frontier and the other shareholders having to undertake a restructure of the operations of Lanka Property Web (Private) Limited, which may be time consuming and impact on the operations of Lanka Property Web (Private) Limited or Frontier;
- in some circumstances, in order to meet local legal requirements, the Operating Companies do not own 100% of the shares in their locally incorporated operating subsidiary. Although in each of these cases (except in respect of Meqasa Holdings Pte Ltd, which is 90% owned by Meqasa Holdings Pte Ltd) the local Operating Company subsidiary is 98% or more owned by the Operating Company, the presence of another shareholder may cause complications for Frontier or the relevant Operating Company in the future, such as if the Operating Company wishes to sell all the shares in the local operating subsidiary. These complications may impact on Frontier's ability to achieve its objectives;
- Pakistani foreign investment requirements in relation to Frontier's investment into Zameen Limited and PakWheels Pte Ltd (which both have subsidiaries incorporated in Pakistan) have not yet been complied with and each Operating Company is in the process of completing the relevant requirements. Under these laws, until such requirements are met, the repatriation of dividends or divestment proceeds to Pakwheels or Zameen from their respective subsidiaries will not be allowed, which may have an adverse impact on Frontier;
- Afribaba SARL, the Cameroonian subsidiary of Afribaba Holdings Pte Ltd, is in the process of applying for a licence to undertake business in Cameroon, which is required as a result of Afribaba SARL being 100% foreign owned under Cameroonian laws. Undertaking operations prior to receipt of the relevant licence carries with it risks, including the potential for fines or the dissolution of Afribaba SARL.
- while the interpretation and application of Tanzanian laws relating to Frontier's acquisition of an interest in Kupatana AB (a company incorporated in Switzerland) and the establishment by Kupatana AB of Kupatana Ltd (a company incorporated in Tanzania) is unclear, Frontier is working with local counsel in Tanzania to minimize the risks of any potential non-compliance with such laws.

- Kumatana AB's local subsidiary in Uganda, is considered foreign owned under Ugandan laws, and as such is required to obtain an investment licence. Without this licence the subsidiary cannot obtain a trade licence permitting the entity from carrying on business in Uganda, or work permits for expatriate employees intending to work in Uganda. Failure to obtain this licence may adversely impact on the operations of Kumatana AB in Uganda, which may have a consequent material adverse impact on Frontier's financial position or performance.

#### 5.1.4 RELIANCE ON SYSTEM AND CONTENT INTEGRITY

The performance of the websites of Frontier's Operating Companies is very important to the reputation of those Operating Companies, their ability to attract customers and their ability to achieve overall market acceptance of their services. These websites rely on telecommunications operators, data centres and other third parties for key aspects of the process of maintaining their websites and providing their products and services to customers. Frontier's and the operating Companies' influence over these third parties is limited. Any system failure that causes an interruption to an Operating Company's services could materially affect its business. System failures, if prolonged, could reduce the attractiveness of an Operating Company's services to clients and visitors to the websites and would damage its business reputation and brand name.

Although the Operating Company's systems have been designed around industry-standard architectures, they remain vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunication failures, terrorist attacks, computer viruses or similar events. Frontier's disaster recovery planning cannot account for all eventualities. The Operating Companies' websites have experienced system failures in the past and may do so in the future. If frequent or persistent significant system failures are experienced on an Operating Company's website, the relevant Operating Company or Frontier may need to take steps to increase the reliability of these systems and invest in further or improved back-up systems. This could be expensive, reduce operating margins and may not be successful in reducing the frequency or duration of unscheduled downtime. It would also negatively impact the Operating Company's business reputation and brand name, which may in turn impact Frontier's operations and reputation.

#### 5.1.5 LOSS OF KEY PERSONNEL

Frontier's success is dependent on the retention of key employees, including the Chief Executive Officer, Shaun Di Gregorio who has been responsible for establishing Frontier and forming its relationships with the Operating Companies. Loss of the Chief Executive Officer and other key employees, or an inability to attract, retain and motivate additional highly-skilled employees required for the anticipated expansion of Frontier's activities, could adversely affect its growth plans and financial position.

In addition, each Operating Company is generally run by the founder or founders of the business of that Operating Company, and Frontier relies on those individuals to operate the business in conjunction with Frontier and provide local expertise in the jurisdiction in which the Operating Company conducts its business. There is a risk that if the founder or founders were to leave the Operating Company, the relevant Operating Company may suffer from a decline in performance, take longer to implement its business plan or otherwise be unable to meet its goals. This could require Frontier to incur expense in locating a suitable replacement or otherwise impact negatively on Frontier's operations or performance.

Furthermore, given their continuing shareholding in the Operating Companies, many of the founders of Operating Companies have not entered into written employment agreements with the Operating Companies, or have entered into group standard pro-forma short form agreements. Due to this, Frontier may have difficulties should it seek to enforce rights against the founders in respect of their employment arrangements, given the different legal regimes which may apply in respect of different founders.

#### 5.1.6 DECLINE IN AUTOMOTIVE, PROPERTY AND GENERAL ADVERTISING MARKET, OR ECONOMIC CONDITIONS IN FRONTIER'S TARGET MARKETS

The general state of the automotive, property and general advertising markets, and economic conditions generally, in jurisdictions in which the Operating Companies operate are subject to factors outside the control of Frontier. These factors include the general market outlook for economic growth and interest rates, and other factors which may impact on the level of ownership of, and number of transactions with respect to, the underlying assets traded on the websites of the Operating Companies.

Should these markets enter a downward cycle, this may impact on the operations, financial position and performance of the Operating Companies and in turn impact on the ability of Frontier to meet its objectives.

## 5.1.7 RISKS ASSOCIATED WITH INTELLECTUAL PROPERTY

Frontier's Operating Companies regard substantial elements of their websites, software tools, applications, databases and underlying technology as proprietary. Despite precautionary measures, third parties may copy or otherwise obtain and use an Operating Company's proprietary information without authorisation or may develop similar technology independently. In addition, competitors may be able to design around the Operating Companies' technology or develop competing technologies substantially similar to those of the Operating Companies without any infringement of proprietary rights. Any legal action that Frontier or the Operating Companies may bring to protect their intellectual property could be unsuccessful and expensive and would divert management's attention from other business concerns.

One of the key assets of each Operating Company is the domain names used for the operation of the website run by the businesses. There is a risk that third parties could challenge the use or ownership of the domain name, the relevant Operating Company could fail to renew its registration of that domain name, or the relevant Operating Company could transfer ownership of the registration to another party without Frontier's consent (despite restrictions in the Shareholders' Agreement). Any inability to maintain control over or continue using the domain names of the Operating Companies could have a material adverse impact on Frontier's financial position or performance or its operations.

Given the early stage nature of the businesses of the Operating Companies, in some circumstances the Operating Companies have not taken steps to register other intellectual property that is material to their business (for example trademarks), and as such the Operating Companies may have difficulties enforcing rights against third parties who attempt to use their intellectual property or may themselves be prevented from using their intellectual property by third parties who have prior rights.

Further, a number of trademarks associated with the business of Pakwheels Pte Ltd are registered in the name of an entity associated with the founders of Pakwheels (rather than Pakwheels Pte Ltd itself or the local operating company owned by it). The founders have agreed to transfer the trademarks into the Pakwheels Pte Ltd group, but if this does not occur, Pakwheels may not be entitled to register similar trademarks in its own name and, in the event the founders object to the branding used by the Pakwheels Group, Pakwheels may be required to change its branding or domain name, which may have a material adverse effect on its business.

In some jurisdictions the Operating Companies can acquire legal rights in their marks without registering their interest by being the first to consistently use that mark (the 'first to use' approach). However, in other jurisdictions the Operating Companies must be the first to register the trademark to acquire these rights, regardless of use (the 'first to register' approach). The 'first to register' approach creates a risk that Operating Companies may lose rights to their marks, and even be forced to stop using their marks (and domain names that include the marks), if such marks are the subject of a trademark registration first filed by another party. The same risk arises if an Operating Company's application for registration fails or if an Operating Company fails to renew their registration, and the marks become available for registration by a third party. Any inability of the Operating Companies to use their marks may impact Frontier's financial position and performance.

## 5.1.8 FOREIGN CURRENCY RISK

Frontier has costs, expenses and investments denominated in multiple currencies (including the Call Options and tranche payments (described in section 9.4.1.1) which are payable in USD) and Frontier Singapore's functional currency is USD. Frontier's share price is denominated in Australian Dollars. Frontier will also report its financial results in Australian Dollars, and the proceeds of the Offer will be received in Australia Dollars. Accordingly, Frontier's reported financial performance and ability to fund its operations and investments will be influenced by fluctuations in exchange rates between the Australian Dollar and other currencies in which it may earn income, incur expenses or hold investments, or in which Frontier Singapore prepares its accounts and settles transactions.

### 5.1.9 RISKS ASSOCIATED WITH INVESTMENT INTO OPERATING COMPANIES AND PROVISION OF INFORMATION

The business of each of the Operating Companies was established prior to the involvement of Frontier, and Frontier invested in each Operating Company as part of a broader transaction agreed with the founders of the relevant business. Such transactions often involved the transfer of assets to the relevant Operating Company from their existing holding structure.

Although Frontier performed due diligence on the Operating Company and assets and founders of the relevant business, Frontier's due diligence was reliant on the accuracy of information provided by the founders of the relevant business and information from regulators in the relevant jurisdictions.

If the Operating Companies provided Frontier with inaccurate information or failed to provide Frontier with relevant information, or there were other failings in the due diligence performed by Frontier, it is possible there could be historical or other issues associated with the Operating Companies or their ownership which Frontier did not identify or properly address during due diligence, or that the optimal transaction or ownership structure from a legal or commercial perspective was not adopted, each of which could impact on Frontier's financial position and performance.

### 5.1.10 DECLINE IN THE GROWTH OF INTERNET AND SMARTPHONE PENETRATION AND RATE OF MIGRATION ONLINE

Internet and smartphone penetration in the markets in which Frontier operates has been growing. However, there can be no guarantee that this growth or rate of growth will continue in the future. In addition, growth in online advertising is underpinned by a range of factors including migration from more traditional forms of media. Migration has been driven by a number of factors affecting both buyers and sellers, including increased internet penetration and broadband speeds. While increased internet penetration and a migration of advertising to new media has occurred over recent years there can be no guarantee that this will continue in the future, which may have an adverse effect on the growth of Frontier.

### 5.1.11 INCREASED COMPETITION

The internet is a business medium with low barriers to entry. It could be possible for current or new competitors to adopt certain aspects of the Operating Companies' or Frontier's business model without great financial expense, thereby reducing the Operating Companies and Frontier's ability to differentiate their services. Competition may arise from a number of sources. It may include companies from the traditional print media who sell car, property and general advertising and may have greater capital resources and better industry relationships than Frontier's Operating Companies. Competition may also arise from global online classifieds companies with developed processes, systems, and technology. Any significant competition to Frontier or the Operating Companies may adversely affect Frontier's ability to meet its objectives.

Under the Shareholders' Agreements between Frontier, each Operating Company and its other shareholders, Frontier cannot be involved in a business that competes with an Operating Company in the country in which the relevant Operating Company operates (see section 9.4.3.6). There is a risk that, if an Operating Company seeks to expand its operations into new markets in which another Operating Company operates, Frontier may be required to prevent this expansion, which may adversely affect an Operating Company's financial performance.

### 5.1.12 MANAGING RAPID GROWTH

Frontier aims to experience rapid growth in the scope of its operating activities, which will include both the Operating Companies growing their operations in the countries which they operate, as well as Frontier seeking additional investments in new jurisdictions.

This growth is anticipated to result in an increased level of responsibility for both existing and new management personnel, both in Frontier and the Operating Companies. If Frontier, or the Operating Companies are unable to manage growth successfully, including through the successful recruitment, training, integration and management of the staff required to support this expected growth, it may not be able to take advantage of market opportunities, satisfy customer expectations, execute their business plan or respond to competitive pressure.

## 5.1.13 CONCENTRATION OF SHAREHOLDINGS

Following Completion of the Offer, Catcha Group will hold approximately 40.76% of the Shares and Shaun Di Gregorio will hold approximately 17.12% of the Shares.

Accordingly, both Catcha and Shaun Di Gregorio may be in a position to control the outcome of matters relating to Frontier, including the election of Directors and the approval of significant corporate activities. The interests of Catcha Group and Shaun Di Gregorio may be different from the interests of investors who purchase Shares in the Offer.

Further, the Shareholdings of Catcha Group and Shaun Di Gregorio will be subject to escrow arrangements. Escrow arrangements will also apply to David Baxby, the Other Existing Shareholders and Operating Company Vendors. These escrow arrangements cease on different dates and are described in section 9.6.

Shareholders may be adversely affected if Catcha Group, Shaun Di Gregorio, David Baxby, the Other Existing Shareholders or the Operating Company Vendors sell their holdings in poorly managed sell-downs (on cessation of the escrow restrictions that apply to their Shares).

## 5.1.14 NEW TECHNOLOGY SUBSTITUTION

The number of people who access information through devices other than personal computers, including mobile phones, has greatly increased in recent years. If Frontier's Operating Companies are unable to maintain the existing level of visits to their websites due to alternative device usage or if they are significantly slower than their competitors to adapt to technological change, they could fail to capture what may be an increasingly important segment of the markets in which they operate. A reduction in visits to these websites could have an adverse effect on their ability to attract new customers and retain their existing customer base. This may in turn adversely affect Frontier's ability to meet its objectives.

## 5.1.15 CORRUPTION OF THE OPERATING COMPANIES' DATABASES

Databases of the Operating Companies are a valuable asset. They are subject to risks associated with computer viruses, physical or electronic break-ins, loss of data from physical damage or from failures in third party service providers or operating systems and similar disruptions, as well as to damage from the inadvertent introduction of incorrect programming language by its employees. An irrecoverable loss of any of the databases would be expensive to remedy, would have a material adverse effect on the relevant Operating Company's operations and financial position, and would damage its business reputation and brand name, which may in turn impact on the financial position and performance of Frontier.

## 5.1.16 HACKING AND VANDALISM

The businesses of the Operating Companies may be adversely affected by malicious third party applications that interfere with, or exploit, security flaws in their websites. Viruses, worms and other malicious software programs could, among other things, jeopardise the security of information stored in a user's computer or in an Operating Company's computer systems or attempt to change the internet experience of users by interfering with an Operating Company's ability to connect with its users. If an Operating Company's efforts to combat these malicious applications are unsuccessful, or if its products and services have actual or perceived vulnerabilities, its business reputation and brand name may be harmed and user traffic could decline, which may in turn result in an adverse effect on Frontier's operations and financial position.

## 5.1.17 DEPENDENCE ON INTERNET INFRASTRUCTURE

Frontier's Operating Companies are dependent on the ongoing maintenance of the global, regional and local internet infrastructure to provide the necessary data speed, capacity and security to allow them to offer viable services. The internet has experienced significant growth in the number of users and amount of traffic, in particular in the countries in which the Operating Companies operate. To the extent that the internet continues to experience increased numbers of users, there can be no assurance that the internet infrastructure will continue to be able to support the demands placed on it by continued growth.

Viruses, worms and similar programs, as well as problems with providers of telecommunications infrastructure supporting the network and power cuts, may also harm the performance of the internet. Any ongoing or serious disruptions to the performance of the internet in Frontier's markets will adversely affect its operations and growth plans and would damage its business reputation and brand name.



### 5.1.18 DISPLAY OF INAPPROPRIATE CONTENT

Frontier does not have the ability to guarantee that all content displayed on the websites of the Operating Companies is appropriate at all times. Frontier cannot guarantee that such material is not obscene, offensive or otherwise damaging to its business reputation and brand name, or the reputation of the relevant Operating Company, its customer and advertisers, or any third party.

### 5.1.19 RELATIONSHIP WITH CAR DEALERS, CAR MANUFACTURERS, REAL ESTATE AGENTS AND PROPERTY DEVELOPERS

Many of the Operating Companies generate revenue through advertisements from car dealers, car manufacturers, real estate agents and property developers. In many cases, no formal ongoing arrangements exist between the relevant Operating Company and its advertisers, or only informal or short-term contracts are in place. There can be no guarantee that advertisers will continue their advertising with the relevant Operating Companies. Should a significant number of car dealers, car manufacturers, real estate agents or property developers cease dealing with the relevant Operating Companies or cancel or fail to renew their agreements this may have an adverse effect on the growth prospects and financial performance of the Operating Companies. Car dealers, car manufacturers, real estate agents and property developers may also choose to establish their own online sales sites rather than utilising those of an Operating Company. This may have a negative impact on the Operating Company's operations, which may in turn impact on Frontier's growth prospects and financial performance.

### 5.1.20 RELIANCE ON ADVERTISERS TO RESPOND TO LEADS

Once a lead is submitted to an advertiser through the website of an Operating Company, it is the advertiser's responsibility to respond to the lead. There is a risk that advertisers may not appropriately respond to leads. This may have a negative impact on the consumer's perception of the relevant Operating Company, which in turn may have an impact on Frontier's growth prospects and financial performance.

### 5.1.21 NEW INVESTMENTS

Frontier's business model is to invest in online classifieds businesses in underdeveloped, emerging markets. As such, Frontier may make investments in circumstances where the Directors believe that those investments support Frontier's growth strategy. However, there can be no assurances that Frontier will be able to identify and complete suitable investments successfully. Investing in new businesses can place significant strain on management, employees, systems and resources. A business in which Frontiers invests may not perform in line with expectations and due diligence performed on the new business will rely on the quality of information provided to Frontier, and as such may not identify all issues.

### 5.1.22 GOVERNMENT LAWS AND REGULATIONS

Frontier and the Operating Companies are subject to local laws and regulations in each of the jurisdictions in which they operate (including taxation legislation), some of which give rise to risks to the Operating Companies' businesses or restrict their ability to perform certain transactions.

From time to time, changes of the laws and regulations may require Frontier or an Operating Company to obtain additional approvals and/or licences which may result in additional costs. Future laws or regulations may be introduced concerning various aspects of the internet, including online content, foreign ownership of internet and media companies, liability for third party activities and user privacy, all of which may impact Frontier's operations. Changes in or extensions of laws and regulations affecting either the automotive industry or internet business operations in the countries in which Frontier operates and the rules of industry organisations could restrict or complicate Frontier's activities and significantly increase its compliance costs.

## 5.2 GENERAL RISKS OF AN INVESTMENT IN THE COMPANY

### 5.2.1 SHARE MARKET CONDITIONS

The Shares may trade on ASX following Listing at a price higher or lower than the Offer Price. The price at which the Shares trade following Listing will be affected by the financial performance of Frontier and by external factors unrelated to the operating performance of Frontier, including movements on international share markets, the level of interest rates and exchange rates, general domestic and international economic conditions and government policies relating to taxation and other matters. A public perception that Frontier is an internet, e-commerce or technology company may result in the price of the Shares moving in line with other shares in companies of this nature.

### 5.2.2 GENERAL ECONOMIC CONDITIONS AND OUTLOOK

Frontier is dependent on the general conditions and outlook of the economies in which it or the Operating Companies operate. These economies may in turn be affected by levels of business spending, inflation, interest rates, exchange rates, access to debt and capital markets, and government fiscal, monetary and regulatory policies. A prolonged and significant downturn in general economic conditions may have a material adverse impact upon Frontier's trading and financial performance.

### 5.2.3 RISK OF SHAREHOLDER DILUTION

In the future, Frontier may elect to issue new Shares or engage in fundraisings to fund or raise proceeds for investments or balance sheet strength. While Frontier will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue, Shareholders may be diluted as a result of such issues of Shares and fundraisings.

### 5.2.4 CHANGES TO TAXATION LAW MAY NEGATIVELY IMPACT FRONTIER

There is the potential for changes to taxation law and changes to the way taxation law is interpreted that may negatively impact Frontier's future profitability. Any change made to the tax regime by the Government of any jurisdiction in which Frontier or an Operating Company is resident for tax purposes and / or to the current rate of tax imposed on Frontier or an Operating Company (including foreign jurisdictions to which Frontier and the Operating Companies are exposed to) may impact returns to Shareholders.

In addition, an investment in the Shares involves tax considerations which may differ for each individual Shareholder. Each prospective Shareholder is encouraged to obtain professional tax advice in connection with any investment in Frontier.

### 5.2.5 AUSTRALIAN ACCOUNTING STANDARDS MAY CHANGE

Australian Accounting Standards are set by the AASB and are outside the control of Frontier. The AASB is due to introduce new or refined Australian Accounting Standards, which may affect future measurement and recognition of key statement of profit and loss and balance sheet items, including revenue and receivables.

There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statement of profit and loss and balance sheet items, including revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in Frontier's consolidated financial statements.

## 5.3 NO GUARANTEE IN RESPECT OF INVESTMENT

The above list of risk factors should not be taken as an exhaustive list of the risks faced by Frontier, the Operating Companies or by investors in the Company. The above factors, and others not specifically referred to above, may materially affect the financial performance of Frontier and the Operating Companies, and the value of the Shares. The Shares issued under the Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on the ASX. Furthermore, there is no guarantee that the Shares will remain continuously quoted on the ASX, which could impact the ability of prospective Shareholders to sell their Shares.



**SECTION 6**

# Key People, Interest and Benefits

## 6.1 BOARD OF DIRECTORS

The Directors bring to the Board relevant experience and skills, including industry knowledge, financial management and corporate governance experience.

**David Baxby (B Com. LLB)**  
***(Independent, non-executive Chairman)***

After 8 years with Goldman Sachs in London and Sydney, David joined Virgin Management in 2004 as the CEO of the Asia Pacific region. He was responsible for the Group's investments in Virgin Mobile, Virgin Active, Virgin Money and Virgin Australia. He moved to Shanghai in 2006 to establish a number of start-up businesses in the Asia Pacific region and in 2008 moved to Geneva to assume responsibilities for the Virgin Group's investments in Aviation. In 2008 he joined the Board of Virgin Atlantic, Virgin America and Air Asia X and became Chairman of Virgin Unite in Australia, the Virgin Group's charitable foundation. In 2011 he was named the Co CEO of Virgin Group, a \$6 billion family office, with responsibility for all of Virgin Group's global investments. In 2014 David assumed the role of CEO and President of Global Blue based in Switzerland. He recently returned to the Asia Pacific region to focus on his own investments and select directorships. David is currently a non-executive director of Virgin Australia.

David holds a Bachelor of Commerce and Bachelor of Laws from Bond University.

**Shaun Di Gregorio (MBA)**  
***(Chief Executive Officer, executive Director and Founder)***

Shaun Di Gregorio is recognised as an experienced executive in the online classifieds arena. During his four year tenure as CEO of ASX listed company, iProperty Group Limited, he led the transformation of iProperty Group from a small online business with a market capitalisation of approximately \$15 million into one of the largest listed Internet companies in ASEAN with a market capitalisation of approximately \$524 million.

Shaun was a non-executive director of iCar Asia (ASX:ICQ) until June of 2016, Asia's leading operator of online automotive portals, and is an advisor to online classifieds businesses around the world.

Shaun holds a Masters of Business Administration from the Australian Graduate School of Management, part of the University of New South Wales.

**Mark Licciardo (B Bus(Acc), GradDip CSP, FGIA, GAICD)**  
***(Independent, non-executive Director and Company Secretary)***

Mark Licciardo is the founder and Managing Director of Mertons Corporate Services Pty Ltd. As a former company secretary of ASX 50 companies, Transurban Group and Australian Foundation Investment Company Limited, his expertise includes working with boards of directors in the areas of corporate governance, business management, administration, consulting and company secretarial matters. Mark is also the former Chairman of the Governance Institute of Australia Victoria division and Melbourne Fringe Festival and a current non-executive director of a number of public and private companies.

Mark holds a Bachelor of Business Degree (Accounting) from Victoria University and a Graduate Diploma in Company Secretarial Practice, is a Fellow of the Governance Institute of Australia and a Graduate Member of the Australian Institute of Company Directors.

## 6.2 SENIOR MANAGEMENT

Profiles of the Company's management team (excluding Shaun Di Gregorio, whose profile appears in section 6.1) are set out below.

### **Chan Shiao Mae** **(Chief Financial Officer)**

Chan Shiao Mae is a highly experienced finance professional. Prior to becoming the CFO of Frontier, Shiao Mae was the CFO of iProperty Group, holding office through the period of acquisition by REA Group Ltd in 2016. Prior to iProperty Group, Shiao Mae served as the Finance Director of Redgrave Partners, a recruitment group based in London with operations in Hong Kong and Singapore, and as Group Financial Accountant for AIM-listed Imprint Plc.

Shiao Mae holds a Bachelor of Law from the University of Exeter and is a Fellow of the Institute of Chartered Accountants in England and Wales.

### **Shen Loh Lim** **(Director of Growth & Operations)**

Shen is a highly experienced leader in the online classifieds space. He has 16 years of experience in leadership roles in online classifieds, online marketing & advertising, technology, and telecommunications. Prior to joining Frontier as Director of Growth & Operations, he spent 7 and a half years at iProperty Group in multiple roles across the Asia Pacific region, the latest of which was as Country General Manager of Malaysia, where he spearheaded the business as one of the market leaders. Before that, he began his career as a consultant in the technology sector before joining one of Malaysia's Top 5 digital agencies at the time, XM Malaysia.

Shen holds a Bachelor of Science in Business Administration – Marketing & Management from the University of Oregon.

### **Marco Rampazzo** **(Director of Corporate Development)**

Marco Rampazzo is an experienced professional with exposure to financial services, technology and media. At Frontier he leads the investment activities, structuring and deal valuation, market research and due diligence work streams, and engages with the Operating Companies throughout the entire investment process. Prior to working at Frontier he was involved in entrepreneurial activities within the internet industry, served as a management consultant in A.T. Kearney UK and was part of the founding team of SF Trust Ltd, a new born London based structured finance provider.

Marco holds a Bachelor and a Master degree in Engineering and Management from the University of Padua.

## 6.3 INTERESTS AND BENEFITS

This Section 6.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of Frontier;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of Frontier; or
- an underwriter to the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Frontier;
- property acquired or proposed to be acquired by Frontier in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of Frontier or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of Frontier.

### 6.3.1 DIRECTORS' INTERESTS AND REMUNERATION

#### 6.3.1.1 CHIEF EXECUTIVE OFFICER

Details of the terms of employment of the Chief Executive Officer, Shaun Di Gregorio, are set out in Section 6.3.2.1.

#### 6.3.1.2 NON-EXECUTIVE DIRECTOR REMUNERATION

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for their services as a Director of Frontier. However, under the Constitution and the Listing Rules, the total aggregate amount provided to all non-executive Directors for their services as Directors must not exceed in any financial year the amount fixed by the Company in general meeting. This amount has been fixed at \$500,000.

Annual Directors' fees currently agreed to be paid by Frontier are \$125,000 to the Chairman, David Baxby, and \$50,000 to Mark Licciardo. The fees paid to non-executive Directors are inclusive of superannuation and committee fees. The Company intends to deliver Mr Baxby's fee as Shares by way of issue and subject to receiving shareholder approval. If shareholder approval is not received, the fee may be provided to Mr Baxby in either cash or Shares acquired on-market. The remuneration of Directors must not include a commission on, or a percentage of profits or operating revenue.

#### 6.3.1.3 DEEDS OF ACCESS, INDEMNITY AND INSURANCE FOR DIRECTORS

Frontier has entered into deeds of indemnity, insurance and access with each Director which confirms the Director's right of access to Board papers and requires Frontier to indemnify the Director, on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of Frontier or of a subsidiary of the Company of which the Director is a director from time to time.

Under the deeds of indemnity, insurance and access, Frontier must maintain a directors and officers insurance policy insuring a Director (among others) against liability as a Director and officer of Frontier and its subsidiaries until seven years after a Director ceases to hold office as a director of Frontier or a director of a subsidiary or the date any relevant proceedings commenced (and notified by the Director to Frontier) during the seven year period have been finally resolved.

#### 6.3.1.4 OTHER REMUNERATION ARRANGEMENTS

The Directors are entitled to be paid all travelling and other expenses they incur in attending to Frontier's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of committees of the Board. Such amounts will not form part of the aggregate remuneration for Directors.

Any Director who performs extra services, makes any special exertions for the benefit of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a non-executive Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company. Any amount paid will not form part of the aggregate remuneration for Directors.

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

#### 6.3.1.5 DIRECTORS' SHAREHOLDINGS

Directors are not required under the Constitution to hold any Shares in Frontier. The Directors (and their associates) are entitled to apply for Shares in the Offer. Mark Licciardo, the only Director who is not an Existing Shareholders, does not intend to apply for Shares in the Offer. David Baxby and Shaun Di Gregorio, Directors who are also Existing Shareholders, will hold Shares on Listing as described below.

The following table outlines the Shares expected to be held by Directors (either directly or through beneficial interests or entities associated with the Director) on Completion of the Offer.

DIRECTOR	NUMBER OF SHARES HELD ON COMPLETION OF THE OFFER	PERCENTAGE OF SHARES HELD ON COMPLETION OF THE OFFER
David Baxby <sup>23</sup>	2,155,689	1.00%
Shaun Di Gregorio	37,020,359	17.12%
Mark Licciardo	0	0%

A detailed description of the Directors' shareholding in Frontier and its key shareholders is set out in Section 7.3.

#### 6.3.1.6 REPAYMENT OF LOAN BY SHAUN DI GREGORIO

Approximately \$100,000 of the Offer proceeds will be paid to Shaun Di Gregorio which represents repayment in full of a loan made to the Company by Shaun Di Gregorio to the Frontier Group on arm's length (or better) terms.

### 6.3.2 SENIOR MANAGEMENT'S INTERESTS AND REMUNERATION

#### 6.3.2.1 CEO'S EMPLOYMENT TERMS

Shaun Di Gregorio is employed as Chief Financial Officer of the Frontier Group under an employment agreement with Frontier Digital Ventures Sdn Bhd, a wholly owned subsidiary of the Company.

Mr Di Gregorio is entitled to a base salary of AUD260,000 per annum, plus an expatriation allowance of AUD80,000 per annum. Mr Di Gregorio is also eligible to receive a short term incentive of up to AUD60,000 per year. Payment of the short term incentive is at the discretion of the Board. Mr Di Gregorio is also eligible to participate in the Frontier Digital Ventures Limited Rights Plan (**Rights Plan**). It is not intended that he will receive an offer under the Rights Plan in 2016.

Mr Di Gregorio is based in Kuala Lumpur, Malaysia and his employment agreement is governed by and subject to the laws in force in Malaysia.

Under the terms of the employment agreement:

- Mr Di Gregorio's employment may be terminated by either party by giving 6 months' notice;
- The employing entity may terminate Mr Di Gregorio's employment without notice in certain circumstances including serious misconduct; and
- Mr Di Gregorio is restrained from undertaking certain actions for a maximum period of up to 2 years after his employment with the employing entity ends. The enforceability of the restraint of trade clause is subject to the legal requirements in Malaysia.

<sup>23</sup> David Baxby's shares are held through Annecy Capital Partners Pte Ltd which is owned 100% by David Baxby. 718,563 of these Shares were issued to Mr Baxby prior to Listing as consideration for advisory services provided to the Company prior to Listing.

# Key People, Interest and Benefits

## 6.3.2.2 CFO'S EMPLOYMENT TERMS

Chan Shiao Mae is employed as Chief Financial Officer under an employment agreement with Frontier Digital Ventures Sdn Bhd, a wholly owned subsidiary of the Company.

Ms Chan is entitled to a base salary of RM40,500 per month. Under this employment agreement, Frontier has agreed that at the time of Listing or shortly after, Ms Chan's base salary will be reviewed with an intention to increase. Details of her remuneration will be included in the Company's first remuneration report.

Ms Chan is also eligible to participate in the Rights Plan (refer to Section 6.3.4 for further details). The Company intends to grant Rights to Ms Chan under the Rights Plan on or shortly after Listing.

Ms Chan is based in Kuala Lumpur, Malaysia and her employment agreement is governed by and subject to the laws in force in Malaysia.

Under the terms of the employment agreement:

- Ms Chan's employment may be terminated by either party by giving 3 months' notice, or salary in lieu of notice;
- The employing entity may terminate Ms Chan's employment without notice in certain circumstances including serious misconduct; and
- Ms Chan is restrained from undertaking certain actions for a maximum period of up to 12 months after her employment with the employing entity ends. The enforceability of the restraint of trade clause is subject to the legal requirements in Malaysia.

## 6.3.3 CONSULTANCY ARRANGEMENT FOR COMPANY SECRETARY

Mark Licciardo is the Company Secretary of Frontier. Frontier and Mertons Corporate Services Pty Ltd, of which Mr Licciardo is principal, have entered into a consultancy services agreement under which Mertons Corporate Services Pty Ltd provides company secretarial services including the provision of Mr Licciardo to perform the role of Company Secretary.

Mertons Corporate Services Pty Ltd charges Frontier approximately \$60,000 (ex GST) per year for the provision of the company secretarial services. Further amounts may be charged by Mertons Corporate Services Pty Ltd on an hourly basis for work undertaken outside the specified scope of the agreement.

The consultancy agreement commenced on 31 May 2016 and continues for an initial term of 12 months. Thereafter, it may be terminated by either party giving to the other party 90 days' prior written notice and may be terminated by either party in the case of certain events, including irremediable or material unremedied breach by, or an insolvency event occurring to, the other party.

## 6.3.4 EXECUTIVE INCENTIVE ARRANGEMENTS

The Company has established the Frontier Digital Ventures Limited Rights Plan to assist in the motivation, retention and reward of employees (except non-executive Directors). The Rights Plan is designed to align the interests of employees with the interests of Shareholders by providing an opportunity for employees to receive an equity interest in Frontier.

The Rights Plan allows the Company to grant rights to acquire Shares (**Rights**), subject to the terms of individual offers and the satisfaction of performance and/or service conditions determined by the Board from time to time.

#### 6.3.4.1 KEY TERMS OF THE RIGHTS PLAN AND INITIAL OFFERS

The Company intends to make the following grants of Rights under the Rights Plan:

- a grant of 360,000 Rights with a face value of \$180,000 to Ms Chan, the Chief Financial Officer; and
- a grant of a combined total of 2,862,000 Rights with a face value of \$1,431,000 to other employees,

**(Initial Grants).**

The key terms of the Rights Plan and the Initial Grants are set out in the table below:

Eligibility	Offers may be made at the Board's discretion to employees of the Company or any of its subsidiaries.
Offers under the Rights Plan	The Board may make offers of Rights at its discretion, subject to any requirements for Shareholder approval. The Board has the discretion to set the terms and conditions on which it will offer Rights in individual offer documents. An offer must be accepted by the employee.  The offers for the Initial Grants are made on an opt-in basis.
Grants of Rights	The Initial Grants will be made on or shortly after Listing. A Right entitles the holder to acquire a Share for nil consideration subject to meeting specific vesting conditions.
Grant price	For the Initial Grants, Rights will be granted for nil consideration.
Exercise price	For the Initial Grants, no exercise price is payable in respect of the Rights granted.
Performance period	The performance period for the Initial Grants will be: <ul style="list-style-type: none"> <li>• for employees who commenced employment prior to 30 June 2016, the period commencing on the date of Listing and ending on 31 December 2018; and</li> <li>• for employees who commenced employment on or after 30 June 2016, the period commencing on the date of Listing and ending on 30 June 2019.</li> </ul>
Vesting conditions and vesting	Rights granted under the Rights Plan will vest subject to the satisfaction of vesting conditions, as determined by the Board and specified in the offer document.  For the Initial Grants to employees who commenced employment prior to 30 June 2016: <ul style="list-style-type: none"> <li>• the first tranche of Rights will vest if the participant remains employed with the Frontier Group until 31 December 2016;</li> <li>• the second tranche of Rights will vest if the participant remains employed with the Frontier Group until 31 December 2017; and</li> <li>• the third tranche of Rights will vest if the participant remains employed with the Frontier Group until 31 December 2018.</li> </ul> For the Initial Grants to employees who commenced employment on or after 30 June 2016: <ul style="list-style-type: none"> <li>• the first tranche of Rights will vest if the participant remains employed with the Frontier Group until 30 June 2017;</li> <li>• the second tranche of Rights will vest if the participant remains employed with the Frontier Group until 30 June 2018; and</li> <li>• the third tranche of Rights will vest if the participant remains employed with the Frontier Group until 30 June 2019.</li> </ul> The portion of a participant's Rights that can vest in each tranche will be specified in their individual offer document.
Entitlements associated with Rights	Rights granted under the Rights Plan do not carry dividend rights, voting rights or rights to capital distributions prior to vesting.  Shares issued upon vesting of the Rights will rank equally with all other Shares.

# Key People, Interest and Benefits

Restrictions on dealing	<p>Participants in the Rights Plan must not sell, transfer, encumber or otherwise deal with Rights.</p> <p>Participants will be free to deal with the Shares allocated on vesting of Rights, subject to the requirements of the Company's Policy for Dealing in Securities.</p>
Cessation of employment	<p>If a participant ceases employment with the Frontier Group due to resignation or termination for cause, all unvested Rights held by the participant will lapse unless the Board determines otherwise.</p> <p>If a participant ceases employment for any other reason, unless the Board determines otherwise, a pro rata portion of their unvested Rights (calculated by reference to the portion of the performance period that has elapsed up to the date of cessation) will remain on foot subject to the original vesting conditions for those Rights, and will vest as if the participant had not ceased employment. The remainder of their unvested Rights will automatically lapse.</p>
Clawback and preventing inappropriate benefits	<p>Under the terms of the Initial Offers, the Board has 'clawback' powers which may be exercised if, among others things, the participant:</p> <ul style="list-style-type: none"> <li>• has acted unlawfully, fraudulently or dishonestly;</li> <li>• is in serious breach of their obligations in relation to the affairs of a Frontier Group company;</li> <li>• has committed any act of fraud, defalcation, gross misconduct;</li> <li>• has acted in a manner which brings the Company or the Frontier Group into disrepute;</li> <li>• has been convicted or have had judgment entered against them in connection with the Frontier Group's affairs; or</li> <li>• has engaged in behaviour that may impact on the Frontier Group's financial soundness or require re-statement of the Frontier Group's financial accounts.</li> </ul>
Change of control	<p>Under the terms of the Initial Offers, the Board may determine that some or all of the Rights will vest on a change of control. If an actual change of control occurs before the Board exercises this discretion:</p> <ul style="list-style-type: none"> <li>• a pro rata portion of the Rights will vest, calculated based on the portion of the relevant performance period that has elapsed up to the date of the actual change of control; and</li> <li>• the Board retains a discretion to determine whether the remaining unvested Rights will vest or lapse.</li> </ul>

## 6.3.4.2 INITIAL OFFER TO THE CHIEF FINANCIAL OFFICER

The Company intends to grant Chan Shiao Mae 360,000 Rights with a face value of \$180,000 on or shortly after Listing. The performance period will commence on Listing and end on 30 June 2019. If the vesting conditions are satisfied, Ms Chan's Rights will vest in three tranches as follows:

- 50,000 of her Rights will vest if she remains employed with the Frontier Group until 30 June 2017;
- 60,000 of her Rights will vest if she remains employed with the Frontier Group until 30 June 2018; and
- 70,000 of her Rights will vest if she remains employed with the Frontier Group until 30 June 2019.



### 6.3.5 INTERESTS OF ADVISERS

Frontier has engaged the following professional advisers:

- Bell Potter Securities Ltd and Morgans Corporate Limited have each acted as Underwriters and Joint Lead Managers to the Offer. Frontier has paid, or agreed to pay, the Underwriters the fees described in Section 9.5 for these services;
- Herbert Smith Freehills has acted as Australian legal advisor to the Company in relation to the Offer (excluding in relation to taxation and stamp duty matters). Frontier has paid, or agreed to pay, \$1,000,000 (excluding GST and disbursements) for these services up to the date of this Prospectus. Further amounts may be paid to Herbert Smith Freehills in accordance with its timed-based charge-out rates;
- PricewaterhouseCoopers Securities Ltd has prepared the Investigating Accountant's Report on the Pro Forma Historical Consolidated Financial Information. The Investigating Accountant has also performed due diligence enquiries in relation to the Pro Forma Historical Consolidated Financial Information. Frontier has paid, or agreed to pay, approximately \$475,000 (excluding GST) for these services to the date of this Prospectus. Further amounts may be paid to the Investigating Accountant in accordance with its normal time-based charge-out rates; and
- Frost & Sullivan (Australia) Pty Ltd has prepared the Independent Market Report on the online automotive and property advertising markets. Frontier has paid, or agreed to pay, approximately \$22,500 (plus GST) for this report.

## 6.4 CORPORATE GOVERNANCE

This Section explains how the Board will oversee the management of Frontier's business. The Board is responsible for the overall corporate governance of Frontier. The Board monitors the financial position and performance of Frontier and oversees its corporate strategy, including approving the strategic objectives and budgets of the Company. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of Frontier.

In conducting business with these objectives, the Board seeks to ensure that Frontier is properly managed to protect and enhance Shareholder interests, and that Frontier, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing Frontier, including adopting prudent and effective internal controls, risk management processes and corporate governance policies, which it believes are appropriate for Frontier's business and which are designed to promote the responsible management and conduct of Frontier.

The main policies and practices adopted by Frontier, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Constitution. Details of Frontier's key policies and the charters for the Board and each of its committees are available at [www.frontierdv.com](http://www.frontierdv.com).

### 6.4.1 ASX CORPORATE GOVERNANCE COUNCIL'S CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

Frontier is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations 3rd edition (**ASX Recommendations**) for entities listed on the ASX in order to promote investor confidence and to assist companies to meet stakeholder expectations.

The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, Frontier will be required to provide a statement in its annual report on its website disclosing the extent to which it has followed the ASX Recommendations during each reporting period. Where Frontier does not follow an ASX Recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

Frontier intends to comply with all of the ASX Recommendations from the time of Listing, with the exception of ASX Recommendations 2.1(a), 4.1(a)(1), 7.1(a)(1) and 8.1(a)(1) as the Audit and Risk Committee and the Remuneration and Nomination Committee will comprise only two members. The Board considers that the proposed Committee compositions are appropriate in light of the current Board size and the desire to preserve the independence of decision making at the Committee level.

# Key People, Interest and Benefits

## 6.4.2 BOARD COMPOSITION

The Board is comprised of two non-executive Directors, David Baxby and Mark Licciardo, and an executive Director, Shaun Di Gregorio.

Detailed biographies of the Directors are provided above in Section 6.1.

The Board considers a Director to be independent where he or she is not a member of Frontier's management and who is free of any interest, position, association or relationship that might influence or might reasonably be perceived to influence, in a material respect his or her capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally. The Board will consider the materiality of any given relationship on a case-by-case basis. The Board reviews the independence of each Director in light of information disclosed to the Board from time to time.

The Frontier Board Charter sets out guidelines and thresholds of materiality to assist in considering the independence of Directors, and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers that each of David Baxby and Mark Licciardo are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with the independent exercise of their judgment and are able to fulfil the role of independent Director for the purposes of the ASX Recommendations.

Shaun Di Gregorio is not currently considered by the Board to be an independent Director given his role as CEO of the Company.

## 6.4.3 BOARD CHARTER

The Board has adopted a Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged. The Charter includes an overview of:

- the Board's composition and process;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board Committees.

The Board's role is to:

- represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance;
- protect and optimise the Company's performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and monitor compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and
- ensure Shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

The management function is conducted by, or under the supervision of the CEO as directed by the Board (and by other officers to whom the management function is properly delegated by the CEO). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate. The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chairman or the Board as a whole.

#### 6.4.4 BOARD COMMITTEES

The Board may from time to time establish committees to streamline the discharge of its responsibilities. The permanent standing Committees of the Board are the Audit and Risk Committee, and the Remuneration and Nomination Committee. The Board may also delegate specific functions to ad hoc Committees on an 'as needs' basis.

##### 6.4.4.1 AUDIT AND RISK COMMITTEE

Under its Charter, the Audit and Risk Committee should have at least three members, all of whom must be non-executive Directors, a majority of independent Directors and an independent chair who is not Chairman of the Board. The Audit and Risk Committee will comprise:

- Mark Licciardo (chair); and
- David Baxby.

The Committee's key responsibilities and functions are to:

- oversee the Company's relationship with the external auditor and the external audit function generally;
- oversee the Company's relationship with the internal auditor and the internal audit function generally (if any);
- oversee the preparation of the financial statements and reports;
- oversee the Company's financial controls and systems; and
- manage the process of identification and management of risk.

Non-committee members, including members of management and the external auditor, may attend meetings of the Committee at the invitation of the Committee chair.

The Board acknowledges the ASX Recommendation that the Audit and Risk Committee should have three members. However, the Board considers that the proposed composition is appropriate in light of the current Board size and the desire to preserve the independence of decision making at the Committee level.

##### 6.4.4.2 REMUNERATION AND NOMINATION COMMITTEE

Under its Charter, the Remuneration and Nomination Committee should have at least three members, all of whom must be non-executive Directors, a majority of independent Directors and an independent Director as chair. The Remuneration and Nomination Committee will comprise:

- David Baxby (chair); and
- Mark Licciardo.

The Committee's key responsibilities are to:

- review and recommend arrangements for the executive Directors (including the CEO) and executives reporting to the CEO;
- review and recommend to the Board remuneration arrangements for the Chairman of the Board and the non-executive Directors of the Board;
- oversee the operation of the Company's employee equity incentive plans and recommend whether offers are to be made under any or all of the Company's employee equity incentive plans in respect of a financial year;
- approve the appointment of remuneration consultants for the purposes of the Corporations Act;
- assist the Board to develop a Board skills matrix;
- review and recommend to the Board the size, composition and membership of the Board, including review of Board succession plans;

# Key People, Interest and Benefits

- assist the Board as required in relation to the performance evaluation of the Board, its committees and individual Directors;
- develop and recommend to the Board measurable objectives for achieving gender diversity and, on an annual basis, recommend any changes to the measurable objectives, review the relative proportion of women and men on the Board, in senior management positions and in the workforce at all levels of the Group.

The Board acknowledges the ASX Recommendation that the Remuneration and Nomination Committee should have three members. However, the Board considers that the proposed composition is appropriate in light of the current Board size and the desire to preserve the independence of decision making at the Committee level.

## 6.4.5 CORPORATE GOVERNANCE POLICIES

The Board has adopted the following corporate governance policies, each having been prepared having regard to the ASX Recommendations and which are available on Frontier's website at [www.frontierdv.com](http://www.frontierdv.com).

### 6.4.5.1 CONTINUOUS DISCLOSURE POLICY

Once listed, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. The Company is aware of its obligation to keep the market fully informed of any information the Company becomes aware concerning itself that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company has adopted a Continuous Disclosure Policy to take effect from Listing to ensure compliance with these requirements.

### 6.4.5.2 COMMUNICATION WITH SHAREHOLDERS

The Company aims to communicate all important information relating to the Company to its Shareholders. Additionally, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. To achieve this, the Company communicates information regularly to Shareholders and other stakeholders through a range of forums and publications, including the Company website, at the annual general meeting, through the Company's Annual Report and ASX announcements.

### 6.4.5.3 POLICY FOR DEALING IN SECURITIES

The Company has adopted a Policy for Dealing in Securities which is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and explain the Company's policy and procedure for the buying and selling of securities that protects the Company and Directors and employees against the misuse of unpublished information which could materially affect the price or value of securities. The policy applies to all Directors and officers of the Frontier Group, direct reports to the CEO, employees of the Frontier Group, and their connected persons (collectively referred to as 'Relevant Persons').

The policy provides that Relevant Persons must not:

- deal in the Company's securities when they are aware of confidential information that is materially price sensitive or 'inside' information;
- deal in the Company's securities on a short-term trading basis; and
- hedge unvested Company securities acquired under an employee, executive or Director equity plan or Company securities that are subject to a holding lock or restriction on dealing under the terms of any employee, executive or Director equity plan operated by the Company.

In addition, Relevant Persons must not deal in the Company's securities during any of the following blackout periods (except in exceptional circumstances with approval):

- the period from the close of trading on the ASX on 31 December each year, or if that date is not a trading day, the last trading day before that day, until the day following the announcement to ASX of the preliminary final statement or full year results;

- the period from the close of trading on the ASX on 30 June each year, or if that date is not a trading day, the last trading day before that day, until the day following the announcement of the half-yearly results; and
- any other period that the Board specifies from time to time.

Otherwise, trading by Directors, senior executives, and their connected persons will only be permitted in trading windows (subject to advance notification) or in all other periods with prior approval.

In all instances, dealing in the Company's securities is not permitted at any time by any person who possesses 'inside' information.

#### 6.4.5.4 CODE OF CONDUCT

The Company is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct which outlines how the Company expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. All employees of the Company (including temporary employees, contractors and Company Directors) must comply with the Code of Conduct.

The objective of the Code is to:

- provide a benchmark for professional behaviour throughout the Company;
- support the Company's business reputation and corporate image within the community; and
- make Directors and employees aware of the consequences if they breach the policy.

#### 6.4.5.5 DIVERSITY POLICY

The Board has formally adopted a Diversity Policy, which sets out Frontier's vision for diversity, incorporating a number of different factors including gender, ethnicity, age and educational experience. The Diversity Policy has been approved in order to address the representation of women in senior management positions and on the Board, and to actively facilitate a more diverse and representative management and leadership structure.

The Board will include in its annual report each year a summary of the Company's progress towards achieving the measurable objectives set under the Diversity Policy for the year to which the annual report relates and details of the measurable objectives set under the Diversity Policy for the subsequent financial year.



**SECTION 7**

# Details of the Offer

# Details of the Offer

## 7.1 INTRODUCTION

### 7.1.1 THE OFFER

The Offer is an initial public offering of 60 million Shares at the Offer Price of \$0.50 per Share to raise \$30 million. The Shares to be issued in the Offer will represent approximately 27.75% of the Shares on issue on Completion of the Offer.

The Shares are fully paid ordinary shares and will, once issued, rank equally with the Shares on issue as at the date of this Prospectus. A summary of the rights attaching to the Shares is set out in Section 7.13.

### 7.1.2 STRUCTURE OF THE OFFER

The Offer comprises:

- the Broker Firm Offer, which is open to Australian resident investors who are not Institutional Investors and who have received a firm allocation from their Broker; and
- the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia and certain other eligible jurisdictions.

No general public offer of Shares will be made under the Offer. The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be agreed between the Company and the Underwriters, having regard to the allocation policy outlined in Section 7.5.5 and 7.6.2.

The Offer is fully underwritten by the Underwriters. A summary of the Underwriting Agreement, including the events which would entitle the Underwriters to terminate the Underwriting Agreement, is set out in Section 9.5.

### 7.1.3 PURPOSE OF THE OFFER

The Offer is being conducted to:

- raise funds to allow Frontier to pay deferred consideration in respect of shares acquired in the Operating Companies, meet contractual commitments to subscribe for additional shares, exercise Call Options over shares in the Operating Companies, fund anticipated future investment opportunities and strengthen Frontier Group's balance sheet and provide working capital;
- enable the Frontier Group through the issue of shares pursuant to the Share Sale Agreements to acquire additional equity in the Operating Companies;
- provide a liquid market for the Shares and an opportunity for others to invest in the Frontier Group;
- provide the Frontier Group with access to capital markets to improve capital management flexibility; and
- provide the Frontier Group with the benefits of an increased profile that comes from being a listed entity.



### 7.1.4 SOURCES AND USES OF FUNDS

SOURCE OF FUNDS	\$m	%	USE OF FUNDS	\$m	%
Offer proceeds on the issue of Shares	30	100%	Deferred consideration in respect of issued shares in the Operating Companies and contractual commitments to subscribe for additional shares, and exercise Call Options over shares in the Operating Companies	9.9	33.0%
			Fund anticipated future investment opportunities (including the potential investments described in section 3.5.5)	6.0	20.0%
			Cash costs of the Offer	3.2	10.7%
			Repayment of payables to Catcha Group <sup>24</sup>	0.4	1.3%
			Repayment of payables to Shaun Di Gregorio <sup>25</sup>	0.1	0.3%
			Increase in cash and cash equivalents	10.4	34.7%
<b>Total</b>	<b>30</b>	<b>100%</b>		<b>30</b>	<b>100%</b>

## 7.2 TERMS AND CONDITIONS OF THE OFFER

TOPIC	SUMMARY
What is the type of security being offered?	Shares (being fully paid ordinary shares in the Company).
What are the rights and liabilities attached to the Shares?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.13.
What is the consideration payable for each Share?	The Offer Price is \$0.50 per Share.
What is the Offer Period?	The key dates, including details of the Offer Period, are set out in the Key Dates on page 6 of this Prospectus. No Shares will be issued on the basis of this Prospectus later than the Expiry Date.
What are the cash proceeds to be raised under the Offer?	\$30 million will be raised from investors under the Institutional Offer and the Broker Firm Offer.
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> <li>the Broker Firm Offer which is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia; and</li> <li>the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares.</li> </ul>
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Underwriters and the Company. The Company in agreement with the Underwriters, have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.</p> <p>For Broker Firm Offer participants, Brokers will decide as to how they allocate Shares that they are allocated to their retail clients.</p>

<sup>24</sup> This payable represents repayment in full of loans made on arm's length (or better) terms to the Frontier Group by Catcha Group.

<sup>25</sup> This payable represents repayment in full of loans made on arm's length (or better) terms to the Frontier Group by Shaun Di Gregorio.

# Details of the Offer

TOPIC	SUMMARY
Will the Shares be quoted?	The Company will apply for admission to the official list of the ASX and quotation of Shares on the ASX under the code 'FDV'. Completion of the Offer is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.
When are Shares expected to commence trading?	<p>It is expected that trading of the Shares on ASX will commence on or about 26 August 2016, initially on a deferred settlement basis until the Company has advised ASX that holding statements have been dispatched to Shareholders.</p> <p>It is expected that initial holding statements will be dispatched by standard post on or about 29 August 2016. Normal settlement trading is expected to commence on or about 30 August 2016.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares.</p> <p>Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p> <p>The Company, and the Underwriters disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the Frontier Offer Information Line, by a Broker or otherwise.</p>
Is the Offer underwritten?	Yes, the Offer is fully underwritten by the Underwriters. Details are provided in Sections 7.7 and 9.5.
Are there any escrow arrangements?	Yes. Details are provided in Section 9.6.
Has any ASIC relief or ASX waiver or confirmation been obtained?	Yes. Details are provided in Section 9.7.
How can I apply?	<p>Broker Firm Applicants, who have received an invitation to participate in the Offer from a Broker, may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus and submitting that form in accordance with the instructions received from their Broker.</p> <p>To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.</p>
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.
What are the tax implications of investing in the Shares?	<p>Given that the taxation consequences of an investment will depend upon the investor's particular circumstances, it is the obligation of each investor to make their own enquiries concerning the taxation consequences of an investment in Frontier.</p> <p>If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser.</p> <p>An overview of the tax treatment for Australian resident investors is included in Section 7.10.</p>

TOPIC	SUMMARY
When will I will receive confirmation that my Application has been successful?	It is expected that initial holding statements will be despatched by standard post on or about 29 August 2016.
Can the Offer be withdrawn?	<p>The Company reserves the right not to proceed with the Offer at any time before the issue or transfer of Shares to successful Applicants.</p> <p>If the Offer does not proceed, Application Monies will be refunded.</p> <p>No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</p>
Where can I find more information about this Prospectus or the Offer?	<p>If you have any questions about this Prospectus or how to apply for Shares, please call the Frontier Offer Information Line on 1300 615 241 (within Australia) or +61 3 9415 4078 (outside Australia) from 9:00am to 5:00pm (AEST), Monday to Friday (excluding public holidays).</p> <p>If you are unclear or uncertain as to whether the Frontier Group is a suitable investment for you, you should seek professional guidance from your lawyer, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest in Shares.</p>

## 7.3 SHAREHOLDING STRUCTURE

The Company expects its key Shareholders will have the Shareholdings set out in the table below on the Prospectus Date and on Completion of the Offer.

SHAREHOLDER	SHARES ON PROSPECTUS DATE	SHAREHOLDING ON PROSPECTUS DATE (%)	SHARES ON COMPLETION OF THE OFFER	SHAREHOLDING ON COMPLETION OF THE OFFER (%)
Catcha Group	88,124,551	60.29%	88,124,551	40.76%
Shaun Di Gregorio	37,020,359	25.33%	37,020,359	17.12%
David Baxby	2,155,689	1.47%	2,155,689	1.00%
Other Existing Shareholders	18,855,088	12.90%	18,855,088	8.72%
Operating Company Vendors <sup>(1)</sup>	0	0%	10,050,237	4.65%
New Shareholders	0	0%	60,000,000	27.75%
<b>Total</b>	<b>146,155,687</b>	<b>100%</b>	<b>216,205,924<sup>(3)</sup></b>	<b>100%</b>

Notes:

- (1) Pursuant to the terms of the Share Sale Agreements between the Company and the Operating Company Vendors, the Operating Company Vendors will acquire 10,050,237 Shares at the Offer Price at the same time as Completion of the Offer. See Section 9.4.4 for further details. This figure assumes that 212,948 Shares are issued to the Operating Company Vendors in respect of Lanka Property Web (Private) Limited, however the issue of these Shares is subject to conditions requiring certain approvals of the Controller of Exchange of the Central Bank of Sri Lanka. In the event that these conditions are not satisfied or waived the Issue of these Shares will not occur and the number of Shares held by the Operating Company Vendors will be lower by 212,948. If this is the case, then the percentage Shareholding of all other categories of Shareholders (as set out in this table and elsewhere in the prospectus) will increase accordingly.
- (2) The Shares held by Catcha Group, Shaun Di Gregorio, David Baxby, the Other Existing Shareholders and the Operating Company Vendors on Completion of the Offer will be subject to mandatory escrow arrangements and, in the case of Catcha Group and Shaun Di Gregorio, additional voluntary escrow arrangements. See Section 9.6 for further details.
- (3) This figure assumes that 212,948 Shares are issued to the Operating Company Vendors in respect of Lanka Property Web (Private) Limited, however the issue of these Shares is subject to conditions requiring certain approvals of the Controller of Exchange of the Central Bank of Sri Lanka. In the event that these conditions are not satisfied or waived the Issue of these Shares will not occur and the number of Shares on issue will be lower by 212,948.

## 7.4 CONTROL OF FRONTIER

After Completion of the Offer, the Directors consider that Catcha Group will not control Frontier, however Catcha Group will be in a position to exercise significant influence over all matters that require approval by Shareholders, including the election and removal of Directors and approval of significant corporate transactions (unless prevented by voting under the Corporations Act or the Listing Rules).

## 7.5 BROKER FIRM OFFER

### 7.5.1 WHO CAN APPLY IN THE BROKER FIRM OFFER

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia. Investors who have been offered a firm allocation by a Broker will be treated as an Applicant under the Broker Firm Offer in respect of that allocation.

Investors should contact their Broker to determine whether they may be allocated Shares under the Broker Firm Offer. The Broker Firm Offer is not a general public offer and is not open to persons in the United States.

### 7.5.2 HOW TO APPLY FOR SHARES UNDER THE BROKER FIRM OFFER

Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus or any replacement or supplementary prospectus. Broker Firm Applicants must complete and lodge their Application Form with the Broker from whom they received their firm allocation. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to this Prospectus or any replacement Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Broker Firm Applicants should contact their Broker about the minimum and maximum Application amount. The Company and the Underwriters reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

Broker Firm Applicants must lodge their Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Application Forms to the Share Registry.

The Broker Firm Offer opens at 9.00 am (AEST) on 10 August 2016 and is expected to close at 5.00 pm (AEST) on 19 August 2016. The Company and the Underwriters may elect to close the Broker Firm Offer early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. Your Broker may impose an earlier closing date. Broker Firm Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

### 7.5.3 PAYMENT METHODS

Broker Firm Applicants must pay their Application Monies in accordance with instructions from their Broker.

### 7.5.4 APPLICATION MONIES

The Company reserves the right to decline any Application and all Applications in whole or in part, without giving any reason. Broker Firm Applicants whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any Application Monies refunded.

### 7.5.5 ALLOCATION POLICY UNDER THE BROKER FIRM OFFER

The allocation of firm stock to Brokers has been determined by the Underwriters and the Company.

Shares which have been allocated to Brokers for allocation to their Australian resident retail clients will be issued or transferred to the Broker Firm Applicants who have received a valid allocation of Shares from those Brokers. It will be a matter for the Brokers how they allocate Shares among their retail clients, and they (and not the Company or the Underwriters) will be responsible for ensuring that retail clients who have received an allocation from them, receive the relevant Shares.

## 7.6 INSTITUTIONAL OFFER

### 7.6.1 INVITATIONS TO BID

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares. The Underwriters separately advise Institutional Investors of the Application procedures for the Institutional Offer.

### 7.6.2 ALLOCATION POLICY UNDER THE INSTITUTIONAL OFFER

The allocation of Shares between the Institutional Offer and the Broker Firm Offer is determined by the Company in agreement with the Underwriters. The Company in agreement with the Underwriters have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer are advised of their allocation of Shares, if any, by the Underwriters. The allocation policy is influenced by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- the Company's desire for an informed and active trading market following Listing;
- the Company's desire to establish a wide spread of institutional Shareholders;
- overall level of demand under the Broker Firm Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long term Shareholders; and
- any other factors that the Company and the Lead Manager consider appropriate.

## 7.7 UNDERWRITING ARRANGEMENTS

The Offer is fully underwritten by the Underwriters. The Underwriters and the Company have entered into an Underwriting Agreement under which the Underwriters have been appointed as arrangers, managers and underwriters of the Offer. The Underwriters agree, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Offer.

The Underwriting Agreement sets out a number of circumstances under which the Underwriters may terminate the agreement and the underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the termination provisions, is provided in Section 9.5.

## 7.8 OWNERSHIP RESTRICTIONS

The sale and purchase of Shares in the Company is regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 7.8 contains a general description of these laws.

### 7.8.1 CORPORATIONS ACT

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

### 7.8.2 FOREIGN ACQUISITIONS AND TAKEOVERS ACT

Generally, the Foreign Acquisitions and Takeovers Act applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates (substantial interest), or 40% or more by two or more unassociated foreign persons and their associates (aggregate substantial interest). Where an acquisition of a substantial interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Federal Government's Foreign Investment Policy or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a substantial interest or an aggregate substantial interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

## 7.9 SELLING RESTRICTIONS

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States and may not be offered, sold, pledged or transferred in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act laws and any other applicable laws.

This Prospectus may only be distributed in Australia and, outside Australia, to persons to whom the Offer may be lawfully made in accordance with the laws of the applicable jurisdiction, provided that this Prospectus may not be distributed in the United States.

The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

Each Applicant will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- it is not in the United States;
- it has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

## 7.10 WHAT ARE THE TAXATION CONSIDERATIONS?

The comments below provide a general summary of Australian tax issues for Australian tax resident Shareholders who acquire Shares under this Prospectus. The categories of Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their Shares on capital account.

These comments do not apply to Shareholders that hold their Shares on revenue account or as trading stock, or to non-Australian tax resident Shareholders. They also do not apply to Shareholders that are banks, insurance companies or taxpayers that carry on a business of trading in Shares, or Shareholders who are exempt from Australian tax. This summary also does not cover the consequences for Shareholders who are subject to Taxation of Financial Arrangements rules contained in Division 230 of the Income Tax Assessment Act 1997. These Shareholders should seek their own professional advice based on their particular facts.

Tax laws are complex and subject to ongoing change. The comments below are based on the Income Tax Assessment Act 1936, the Income Tax Assessment Act 1997, the A New Tax System (Goods and Services Tax) Act 1999, relevant stamp duty legislation, applicable case law and published Australian Taxation Office and State/Territory Revenue Authority rulings, determinations and statements of administrative practice at the date of this Prospectus. The tax consequences discussed below may alter if there is a change to the tax law after the date of this Prospectus. If there is a change, including a change having retrospective effect, the income tax, stamp duty and GST consequences should be reconsidered by Shareholders in light of the changes. The tax consequences discussed below do not take into account the tax law of countries other than Australia.

This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. This summary does not constitute financial product advice as defined in the Corporations Act. The Company and its advisors disclaim all liability to any Shareholder or other party for all costs, loss, damage and liability that the Shareholder or other party may suffer or incur arising from, relating to or in any way connected with the contents of this summary or the provision of this summary to the Shareholder or other party or the reliance on this summary by the Shareholder or other party.

Shareholders should seek professional advice on the taxation implications of acquiring, owning and disposing of Shares, taking into account their specific circumstances.

### 7.10.1 DIVIDENDS ON A SHARE FOR AUSTRALIAN TAX RESIDENT SHAREHOLDERS

Dividends distributed by the Company on a Share will constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders should include in their assessable income the dividend actually received, together with any franking credit attached to that dividend.

Where the franking credit is included in the Shareholder's assessable income, the Shareholder will generally be entitled to a corresponding tax offset against tax payable by the Shareholder. To be eligible for the franking credit tax offset, a Shareholder must satisfy the "holding period" rule and "related payments" rule. These rules broadly require that a Shareholder hold the Shares 'at risk' for a continuous period of not less than 45 days (excluding the days of acquisition and disposal) and that the benefit of the dividend is not passed on within 45 days. Any day on which a Shareholder has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the Shareholder held the Shares "at risk". A Shareholder must not be obliged to make a "related payment" in respect of any dividend, unless they hold the Shares "at risk" for the required holding period around the dividend dates. Special rules apply to trusts and beneficiaries. Shareholders should seek professional advice to determine if these requirements, as they apply to them, have been satisfied. The holding period rules will not apply to a Shareholder who is an individual whose tax offset entitlement (for all franked distributions received in the income year) does not exceed A\$5,000.

Legislation has recently been enacted to deny franking tax offsets to certain "distribution washing" arrangements. Shareholders should consider the impact of these as well as other integrity measures which may apply to the claiming of tax offsets, having regard to their own facts and circumstances.

# Details of the Offer

Where a Shareholder is an individual or a complying superannuation entity, the Shareholder will generally be entitled to a refund of tax to the extent that the franking credit tax offset exceeds the Shareholder's income tax liability for the income year.

Where a Shareholder is a company, the Shareholder will generally be entitled to a carry forward loss calculated by reference to any excess of the franking credit attached to the Shareholder's dividends over the Shareholder's tax liability for the income year. Shareholders that are companies should seek specific advice regarding the tax consequences of dividends received in respect of the Shares they hold and the calculation and availability of carry forward tax losses arising from excess tax offsets.

Franked dividends received by a corporate Shareholder will generally give rise to a franking credit in the Shareholder's franking account (subject to the Shareholder satisfying the rules outlined above for claiming a tax offset). Special rules apply to Shareholders that are trustees (other than trustees of complying superannuation entities) or partnerships. These Shareholders should seek specific advice regarding the tax consequences of dividends received in respect of Shares held.

To the extent a dividend distributed by the Company is unfranked (which may be the case given the Frontier Group's overseas business), the Shareholders should generally be taxed at their respective rate of income tax with no franking tax offset.

## 7.10.2 DISPOSAL OF SHARES BY AUSTRALIAN TAX RESIDENT SHAREHOLDERS

The disposal of a Share by a Shareholder will be a capital gains tax (CGT). The Shareholder will make a capital gain where the capital proceeds received on the disposal of the Share exceeds the cost base of the Share, and will make a capital loss where the reduced cost base of the Share exceeds the capital proceeds from the disposal of that Share. Capital losses may only be offset against capital gains made by the Shareholder in the same income year or future income years. Capital losses cannot be offset against other forms of assessable income. Broadly, the cost base and reduced cost base of a Share will be equal to the amount paid to acquire the Share (including certain other costs, such as incidental costs of acquisition and disposal).

Generally, all capital gains and losses made by a Shareholder for an income year, plus any net capital losses carried forward from an earlier income year, will need to be aggregated to determine whether the Shareholder has made a net capital gain or net capital loss for the year. A net capital gain is included in a Shareholder's assessable income whereas a net capital loss is carried forward and may be available to be offset against capital gains of later years (subject to the satisfaction of the loss recoupment rules for companies).

If a Shareholder is an individual, complying superannuation entity or trust, and has held the Share for at least 12 months or more before disposal of the Share, the Shareholder may be entitled to a "CGT discount" for any capital gain made on the disposal of the Share. Where the CGT discount applies, any capital gain arising may be reduced by 50% in the case of individuals and trusts, and by one-third in the case of complying superannuation entities. Shareholders that are companies are not entitled to a CGT discount.

Where the Shareholder is a trustee of a trust that has held the Share for at least 12 months or more before disposal, the CGT discount may flow through to the beneficiaries of that trust if those beneficiaries are not companies. Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains after offsetting current year or prior year capital losses.

## 7.10.3 TAX FILE NUMBERS

Shareholders are not required to quote their Tax File Number (TFN) or, where relevant, Australian Business Number (ABN) to the Company. However, if a valid TFN, a valid ABN or exemption details are not provided, Australian tax may be required to be deducted by the Company from distributions and/or unfranked dividends at the maximum marginal tax rate plus any relevant levy (e.g. Medicare levy). Australian tax should not be required to be deducted by the Company in respect of fully franked dividends.

A Shareholder that holds Shares as part of an enterprise may quote their ABN instead of their TFN.

## 7.10.4 GST IMPLICATIONS

No GST should be payable by Shareholders in respect of the acquisition or disposal of their Shares in the Frontier Group, regardless of whether or not the Shareholder is registered for GST.



Shareholders may not be entitled to claim full input tax credits in respect of any GST included in the costs they have incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by Shareholders in this respect, relevant to their particular circumstances.

No GST should be payable by Shareholders on receiving dividends distributed by the Company.

#### **7.10.5 STAMP DUTY**

Shareholders should not be liable for stamp duty in respect of the acquisition of their Shares, unless they acquire, either a loan or with an associated/ related person, an interest of 90% or more in the Company. Under current stamp duty legislation, no stamp duty would ordinarily be payable by Shareholders on any subsequent transfer of their Shares while the Company remains listed.

### **7.11 DISCRETION REGARDING THE OFFER**

The Company reserves the right not to proceed with the Offer at any time before the issue and transfer of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.

The Company and the Underwriters also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

### **7.12 ASX LISTING, REGISTERS AND HOLDING STATEMENTS, DEFERRED SETTLEMENT TRADING**

#### **7.12.1 APPLICATION TO THE ASX FOR LISTING OF FRONTIER AND QUOTATION OF SHARES**

The Company will apply for admission to the official list of the ASX and quotation of the Shares on the ASX within seven days of the Prospectus Date. The Company's ASX code is expected to be 'FDV'.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the official list is not to be taken as an indication of the merits of Frontier Group or the Shares offered for issue and sale.

If the Company does not make such an application within seven days after the date of this Prospectus, or permission is not granted for the official quotation of the Shares on the ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Monies received by the Company will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.

#### **7.12.2 CHESS AND ISSUER SPONSORED HOLDINGS**

The Company will apply to participate in the ASX's Clearing House Electronic Subregister System (CHESS) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister.

For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

# Details of the Offer

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. Frontier Group and the Share Registry may charge a fee for these additional issuer sponsored statements.

## **7.12.3 DEFERRED SETTLEMENT TRADING AND SELLING SHARES ON MARKET**

It is expected that trading of the Shares on the ASX (on a deferred basis) will commence on or about 26 August 2016. Trading will be on a deferred settlement basis until the Company has advised ASX that holding statements have been despatched to Shareholders, which is expected to occur on 29 August 2016.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, the Share Registry and the Underwriters disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from your firm allocation through a Broker.

Shares are expected to commence trading on the ASX on a normal settlement basis on or about 30 August 2016.

## **7.13 CONSTITUTION AND RIGHTS ATTACHING TO THE SHARES**

### **7.13.1 INTRODUCTION**

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of the ASX.

### **7.13.2 VOTING AT A GENERAL MEETING**

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held (with adjusted voting rights for partly paid shares). If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to his or her deliberative vote.

### **7.13.3 MEETINGS OF MEMBERS**

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and ASX Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

### **7.13.4 DIVIDENDS**

The Board may pay any interim and final dividends that, in its judgement, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and decide the method of payment.

### **7.13.5 TRANSFER OF SHARES**

Subject to the Constitution and to any restrictions attached to a Shareholder's Share, Shares may be transferred by proper ASTC transfer (effected in accordance with the ASX Settlement Operating Rules, Corporations Regulations and ASX Listing Rules) or by a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may decline to register, or prevent registration of, a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

### 7.13.6 ISSUE OF FURTHER SHARES

The Board may, subject to the Constitution, Corporations Act and the ASX Listing Rules issue, allot or grant options for, or otherwise dispose of, Shares in the Company on such terms as the Board decides.

### 7.13.7 WINDING UP

If the Company is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any Shares or classes of shares, Shareholders will be entitled to a share in any surplus property of the Company in proportion to the number of Shares held by them. If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or any part of the Company's property and decide how the division is to be carried out as between Shareholders or different classes of shareholders.

### 7.13.8 NON-MARKETABLE PARCELS

In accordance with the ASX Listing Rules, the Board may sell Shares that constitute less than a marketable parcel by following the procedures set out in the Constitution. A marketable parcel of shares is defined in the ASX Listing Rules and is generally, a holding of shares with a market value of not less than \$500.

### 7.13.9 PROPORTIONAL TAKEOVER PROVISIONS

The Constitution contains provisions requiring Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by Shareholders passing a special resolution by the third anniversary of either the date those rules were adopted by the Company or the date those rules were last renewed in accordance with the Corporations Act.

### 7.13.10 VARIATION OF CLASS RIGHTS

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. Under the Constitution, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of Shares may be varied:

- with the written consent of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class

### 7.13.11 DIRECTORS – APPOINTMENT AND RETIREMENT

Under the Constitution, the Board is comprised of a minimum of three Directors and a maximum of nine Directors, unless the Company resolves otherwise at a general meeting. Directors are elected or re-elected at general meetings of the Company.

No Director (excluding the CEO) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint any eligible person to be a Director either as an addition to the existing Directors or to fill a casual vacancy, who will then hold office until the conclusion of the next annual general meeting of the Company following his or her appointment.

### 7.13.12 DIRECTORS – VOTING

Questions arising at a meeting of the Board must be decided by a majority of votes cast by the Directors present and entitled to vote on the matter. If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote in addition to his or her deliberative vote, unless there are only two Directors present or entitled to vote in which case the chairperson of the meeting does not have a second or casting vote and the proposed resolution is taken as lost. A Director may attend and vote by proxy at a meeting of the Board if the proxy is a Director, and has been appointed in writing by the appointor.

## **7.13.13 DIRECTORS – REMUNERATION**

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director but the total aggregate amount provided to all non-executive Directors of the Company for their services as Directors must not exceed in any financial year the amount fixed by the Company in general meeting. The remuneration of a Director (who is not the CEO or an executive Director) must not include a commission on, or a percentage of, profits or operating revenue. The current maximum aggregate sum of non-executive Director remuneration is set out in Section 6.3.1. Any change to that maximum aggregate amount needs to be approved by Shareholders.

Directors are entitled to be paid for all travelling and other expenses they incur in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of committees of the Board. Any Director who performs extra services, makes any special exertions for the benefit of the Company or otherwise performs services which, in the opinion of the Board, are outside the scope of ordinary duties of a non-executive Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company.

Directors' remuneration is discussed in Section 6.3.1.

## **7.13.14 POWERS AND DUTIES OF DIRECTORS**

The business and affairs of the Company are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the power of the Company and that are not by the Constitution or by law directed or required to be done by the Company in general meeting.

## **7.13.15 PREFERENCE SHARES**

The Company may issue preference Shares including preference Shares which are, or at the option of the Company or holder are, liable to be redeemed or convertible into ordinary shares. The rights attaching to preference Shares are those set out in the Constitution or have been otherwise approved by special resolution of the Company.

## **7.13.16 INDEMNITIES**

The Company must indemnify each officer on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by the officer as an officer of the Company.

The Company may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for insurance for each officer of the Company against any liability incurred by that person as an officer of the Company or of a related body corporate, including, but not limited to, a liability for negligence or for reasonable costs and expenses incurred in defending or responding to proceedings (whether civil or criminal and whatever the outcome).

## **7.13.17 ACCESS TO RECORDS**

The Company may enter into contracts with a Director or former Directors agreeing to provide continuing access for a specified period after the Director ceases to be a Director to Board papers, books, records and documents of the Company which relate to the period during which the Director or former Director was a Director on such terms and conditions as the Board thinks fit. The Company may procure that its subsidiaries provide similar access to board papers, books, records or documents.

## **7.13.18 AMENDMENT**

The Constitution can only be amended by special resolution passed by at least three-quarters of Shareholders present (in person or by proxy, attorney or representative) and entitled to vote on the resolution at a general meeting of the Company.

**SECTION 8**

# Independent Limited Assurance Report

# Independent Limited Assurance Report



The Directors  
Frontier Digital Ventures Limited  
Level 7, 330 Collins Street  
Melbourne, 3000  
Victoria

2 August 2016

Dear Directors

## ***Investigating Accountant's Report***

### ***Independent Limited Assurance Report on Frontier Digital Ventures Limited historical financial information and Financial Services Guide***

We have been engaged by Frontier Digital Ventures Limited (the **Company**) to report on the historical financial information for inclusion in the prospectus (**Prospectus**) dated on or about 2 August 2016 in connection with the proposed initial public offering of shares in the Company and listing of the Company on the Australian Securities Exchange (the **Offer**).

Expressions and terms defined in the Prospectus have the same meaning in this report, unless specified otherwise.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

## ***Scope***

You have requested PricewaterhouseCoopers Securities Ltd to review the following Financial Information included in the Prospectus which comprises actual historical financial information for Frontier Digital Ventures Pte Ltd and pro forma historical financial information for Frontier Digital Ventures Limited (collectively the Historical Financial Information):

### ***Actual Historical Financial Information***

- Actual revenue and net profit after tax for the nine month period ended 31 December 2014 (CY14) and for the year ended 31 December 2015 (CY15);
- Actual balance sheet as at 31 December 2015;
- Actual operating cash flows for CY14 and CY15;

The Actual Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in International Financial

**PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572**  
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)



Reporting Standards and Frontier Digital Ventures Pte Ltd's adopted accounting policies. The Actual Historical Financial Information has been extracted from the financial report of Frontier Digital Ventures Pte Ltd for the year ended 31 December 2015, which was audited by WSC Partnership in accordance with Singapore Financial Reporting Standards (SFRS), which are consistent with IFRS. WSC Partnership issued a unmodified audit opinion on the financial report. The Actual Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

#### *Pro Forma Historical Financial Information*

- Pro forma income statements for CY14 and CY15;
- Pro forma balance sheet as at 31 December 2015; and
- Pro forma operating cash flows for CY14 and CY15.

The Pro Forma Historical Financial Information has been derived from the Actual Historical Financial Information of Frontier Digital Ventures Pte Ltd, after adjusting for the effects of pro forma adjustments described in Section 4 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Actual Historical Financial Information and the events and transactions to which the pro forma adjustments relate, as described in Section 4 of the Prospectus, as if those events and transactions had occurred as at the date of the Actual Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

#### *Directors' responsibility*

The directors of the Company are responsible for the preparation of the Actual Historical Financial Information and Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the Actual Historical Financial Information and included in the Pro Forma Historical Financial Information.

#### *Our responsibility*

Our responsibility is to express a limited assurance conclusion on the Actual Historical Financial Information, and the Pro Forma Historical Financial Information, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.



## **Conclusions**

### ***Actual Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Actual Historical Financial Information of Frontier Digital Ventures Pte Ltd, as described in Section 4 of the Prospectus, and comprising:

- Actual revenue and net profit after tax for the nine month period ended 31 December 2014 (CY14) and for the year ended 31 December 2015 (CY15);
- Actual balance sheet as at 31 December 2015;
- Actual operating cash flows for CY14 and CY15;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4 of the Prospectus being the recognition and measurement principles contained in International Financial Reporting Standards and Frontier Digital Ventures Pte Ltd's adopted accounting policies.

### ***Pro Forma Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of the Company as described in Section 4 of the Prospectus, and comprising:

- Pro forma income statements for CY14 and CY15;
- Pro forma balance sheet as at 31 December 2015; and
- Pro forma operating cash flows for CY14 and CY15;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Actual Historical Financial Information and the events and transactions to which the pro forma adjustments relate, as described in Section 4 of the Prospectus, as if those events or transactions had occurred as at the date of the Actual Historical Financial Information.

### ***Notice to investors outside Australia***

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

### ***Restriction on Use***

Without modifying our conclusions, we draw attention to Section 4 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.



***Consent***

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

***Liability***

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus.

***Independence or Disclosure of Interest***

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

***Financial Services Guide***

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Robert Silverwood', written over a light blue horizontal line.

Robert Silverwood  
Authorised Representative of  
PricewaterhouseCoopers Securities Ltd



## Appendix A – Financial Services Guide

### PRICEWATERHOUSECOOPERS SECURITIES LTD

#### FINANCIAL SERVICES GUIDE

**This Financial Services Guide is dated 2 August 2016**

#### 1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("PwC Securities") has been engaged by Frontier Digital Ventures Limited ("the Company") to provide a report in the form of an Independent Accountant's Report in relation to the Financial Information for inclusion in the Prospectus dated 2 August 2016.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

#### 2. This Financial Services Guide

This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

#### 3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

#### 4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report 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.



**5. Fees, commissions and other benefits we may receive**

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities 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 person who engages us. In the preparation of this Report our fees are charged on an hourly basis and as at the date of this Report amount to \$475,000.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

**6. Associations with issuers of financial products**

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business. In relation to Frontier Digital Ventures Limited, PricewaterhouseCoopers was appointed auditor on 23 June 2016.

**7. Complaints**

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. In addition, a copy of our internal complaints handling procedure is available upon request.

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 Service ("FOS"), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

**8. Contact Details**

PwC Securities can be contacted by sending a letter to the following address:

Robert Silverwood  
Freshwater Place,  
2 Southbank Boulevard,  
SOUTHBANK VIC 3006

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**SECTION 9**

# Additional Information

## 9.1 REGISTRATION

Frontier was registered in Victoria on 9 November 2015 and was converted to a public company on 15 April 2016.

## 9.2 COMPANY TAX STATUS

Frontier will be taxed in Australia as a public company.

## 9.3 CORPORATE STRUCTURE

The diagrams set out in Appendix 1 represent the corporate structure of Frontier before and after Completion of the Offer.

## 9.4 SUMMARY OF ARRANGEMENTS WITH OPERATING COMPANIES

Frontier has a number of contracts in place for each Operating Company, which govern the ownership and operation of each Operating Company. These contracts are typically between Frontier Singapore, the relevant Operating Company, and the other shareholders of the Operating Company. These arrangements generally include:

- a subscription agreement (summarised in section 9.4.1);
- a Shareholders' Agreement (summarised in section 9.4.3); and
- for nine of the Operating Companies, a Share Sale Agreement (summarised in section 9.4.4).

### 9.4.1 SUBSCRIPTION AGREEMENTS IN RESPECT OF OPERATING COMPANIES

Frontier invested in the Operating Companies (set out in Table 2 in section 3.3) by way of a series of separate subscription agreements entered into with each of the 15 Operating Companies between March 2014 and May 2016, pursuant to which the relevant Operating Company agreed to issue, and Frontier agreed to subscribe for, an amount of issued capital in the relevant Operating Company.<sup>26</sup>

The subscription agreements are on substantially similar terms. Most are governed by the laws of Singapore, with some agreements governed by the laws of the United Kingdom, Sweden and Switzerland.

A summary of the key terms of the subscription agreements follows. Each subscription agreement differs and the description below is intended to provide a broad overview of the agreements only.

It is intended that the investments that are the subject of non-binding terms sheets (described in section 3.5.5), will be made through subscription agreements on substantially similar terms (if they are to proceed).

#### 9.4.1.1 CONSIDERATION AND CALL OPTIONS

The consideration provided by Frontier for the issue of shares is payable in cash. The consideration may be payable:

- as a single payment upon completion of the issue of shares,
- as multiple tranche payments whereby the first tranche payment is payable upon completion of the issue of shares and subsequent tranche payments do not entitle Frontier to additional shares; or
- as multiple tranche payments whereby the first tranche payment is payable upon completion of the initial issue of shares and subsequent tranche payments entitle Frontier to additional shares.

Generally, tranche payments after the first tranche payment are payable only if the relevant Operating Company achieves certain milestones (generally related to the number of active listings on the website of the Operating Company).

<sup>26</sup> In the case of Rebbiz Pte Ltd, Frontier obtained some of its interest through the transfer of existing shares from another shareholder of Rebbiz Pte Ltd.

Some of the subscription agreements contain Call Options, under which Frontier may subscribe for additional shares within a set period for a fixed price payable in cash.

Tranche payments and Call Options yet to be paid by Frontier under each subscription agreement as at the date of this Prospectus are outlined Table 13 below:<sup>27</sup> Frontier's total holding in each Operating Company, assuming all tranche payments resulting in the issue of shares in the Operating Companies are paid and all Call Options are fully exercised, is set out in Table 2 in section 3.3.

**Table 13: Tranche payments and Call Options yet to be paid by Frontier**

Note: the figures in the below table showing the percentage of issued capital that will be obtained by Frontier on exercise of a Call Option or payment of a tranche payment assume that there are no other issues of shares in the relevant Operating Company prior to the issue of the relevant shares. All dollar amounts are in US dollars.

OPERATING COMPANY	TRANCHE PAYMENTS YET TO BE PAID		CALL OPTIONS YET TO BE EXERCISED		
	AMOUNT PAYABLE AND SHARES ACQUIRED (IF APPLICABLE)	DUE DATE	SHARES TO BE ACQUIRED	AMOUNT PAYABLE	EXPIRY DATE
<b>Afribaba Holdings Pte Ltd</b>	\$150,000	Sept 2016	N / A		
	\$125,000	Jan 2017			
<b>IMCongo Properties Pte Ltd</b>	\$110,000	Sept 2016	Such number of shares so Frontier's holding is 75.38%	\$200,000	Feb 2018
<b>TechAfrica Pte Ltd</b>	\$60,000	Sept 2016	Such number of shares so Frontier's holding is 71.22% with the amount payable increasing if the option is exercised after February 2017	\$207,000 (or \$276,000 after February 2017)	Feb 2018
	\$60,000	Feb 2017			
	\$60,000	Aug 2017			
<b>Meqasa Holdings Pte Ltd</b>	N / A		72,464 shares	\$300,000	30 Sept 2016
<b>Carwangu Pte. Ltd</b>	\$80,000	Sept 2016	N / A		
	\$90,000	Jan 2017			
<b>Pakwheels Pte Ltd</b>	\$250,000 (4166 shares acquired)	30 September 2016.	15,833 shares (note that this is an option given by other shareholders of Pakwheels Pte Ltd over existing shares)	\$2,000,000,	1 July 2017 – 31 July 2017
<b>Moteur.ma</b>	N / A		The greater of 2940 shares or 16.67% of issued capital following exercise of the option	\$250,000	Sept 2016
			942 shares (note that this is an option given by another shareholder of Moteur.ma over existing shares)	\$80,000	Sept 2016
<b>Lanka Property Web (Private) Limited</b>	N / A		286 shares	\$200,000	Sept 2016 <sup>28</sup>
<b>iMyanmar Pte Ltd</b>	N / A		741 shares	\$300,000	Sept 2016
<b>Encuentra24.com AG</b>	N / A		8 shares	\$933,333	31 Dec 2016
			8 shares	\$1,051,095	2 April 2017
<b>ToLet.com.ng Limited</b>	\$600,000	June 2017	N / A		

<sup>27</sup> Where there are no tranche payments or Call Options yet to be paid, the relevant Operating Company has not been included in the table.

<sup>28</sup> This period is extended if required for Frontier to be able to meet foreign investment restrictions in Sri Lanka.

## 9.4.1.2 REPRESENTATIONS AND WARRANTIES

In each subscription agreement, the Operating Company provided certain representations and warranties to Frontier relating to the shares in that Operating Company being issued and the Operating Company and its assets (including in relation to capital structure, intellectual property rights, taxation status, litigation status, solvency and corporate records).

Frontier also provided limited standard warranties to the Operating Company, relating to Frontier's solvency and power and capacity to enter into the relevant subscription agreement.

In general, the subscription agreements also contain limitations on warranty claims, such that the maximum liability of the Operating Company to Frontier, or Frontier to the Operating Company is capped at the total amount payable by Frontier including in respect of tranche payments and option exercise payments, and warranty claims must be brought within 24 months following Frontier's investment in the relevant Operating Company.

## 9.4.2 CALL OPTION AGREEMENT OVER SHARES IN SHAREHOLDER OF ZAMEEN LIMITED

Frontier has also entered into Call Option agreements with two shareholders of IZH Holdings Ltd (a company incorporated in England), which, as at Completion of the Offer, owns 70% of the shares in Zameen Limited. IZH Holdings Ltd is a holding company, owned by other parties, for Zameen and other digital classifieds investments. Under these Call Options, Frontier can acquire 94,860 existing shares in IZH Holdings Ltd, which as at the date of the call option agreements represented approximately 2.8% of the issued capital of IZH Holdings Ltd (but which may have since reduced as a result of issues of capital in IZH Holdings Ltd).

## 9.4.3 ARRANGEMENTS WITH FOUNDERS OF THE OPERATING COMPANIES, INCLUDING SHAREHOLDERS' AGREEMENTS

As set out in Table 2, at Completion of the Offer, Frontier will have an equity interest in each Operating Company ranging from 30% to 76%. The remaining equity in each Operating Company is held directly or indirectly by one or more individuals who founded the business of the relevant Operating Company.

In the case of each Operating Company, the founders of that company are responsible for the day to day operations of the company. Although the interests of Frontier and the founders are generally aligned through the co-ownership of the relevant Operating Company, approximately a third of the founders have also entered into employment agreements with the relevant Operating Company or its local subsidiary. These employment agreements are often based on a standard pro-forma employment agreement and typically provide for:

- the salary and working hours of the relevant employee;
- a 3 month notice period for either the company or the employee to terminate the employment;
- leave entitlements of the employee;
- confidentiality restrictions on the employee;
- ownership of intellectual property; and
- a non-compete, which prevents the employee from competing with the relevant Operating Company for an indefinite period following termination of their employment.

Given the early stage nature of the businesses and the jurisdictions in which they operate, detailed local employment advice and input into the contracts has not been obtained. The enforceability of the contracts (in particular provisions relating to the notice period, ownership of intellectual property and non-compete) will be subject to the laws of either or both of the jurisdictions in which the employee is based and the governing law of the contract.

Frontier has also entered into a separate Shareholders' Agreement with each Operating Company and its shareholders<sup>29</sup> on similar terms, as set out below. In general, each Shareholders' Agreement commenced from the date Frontier acquired shares in the Operating Company under the relevant subscription agreement, and will terminate on the earlier of the time at which only one party holds shares, or as agreed in writing between the shareholders.<sup>30</sup>

<sup>29</sup> In the case of Kupatana AB not all the shareholders in the relevant Operating Company have entered into the Shareholders' Agreement.

<sup>30</sup> The Shareholders' Agreement for Kupatana AB has a 6 year term from 3 June 2016, which is automatically extended for two year periods unless terminated by either party by providing 6 months written notice (with such notice only permitted to be given after the sixth anniversary of the agreement).



### 9.4.3.1 GOVERNANCE OF THE OPERATING COMPANY

Each Shareholders' Agreement contains detailed provisions dealing with the governance and operation of the relevant Operating Company. These include:

- *Director appointment rights:* in the case of all Shareholders' Agreements except those for Kupatana AB, Pakwheels Pte Ltd, African Property Portals Group t/a African Property Group, Meqasa Holdings Pte Ltd, Moteur.ma and Zameen Limited, where Frontier holds 50% or less of the shares on issue it may appoint one director and where Frontier holds more than 50% of the shares on issue it may appoint such number of directors as constitute a majority of the directors of the relevant Operating Company. In the case of Pakwheels Pte Ltd, where Frontier holds less than 20% of the shares on issue it may appoint one director and where Frontier holds 20% or more of the shares on issue it may appoint two directors. In the case of the Shareholders' Agreements for Kupatana AB, African Property Portals Group t/a African Property Group, Moteur.ma and Zameen Limited, Frontier has a contractual right only to appoint one director, and must rely on the general law of the jurisdiction of the Operating Company which may allow it to appoint additional directors. In the case of Meqasa Holdings Pte Ltd, although Frontier does not have a right to appoint a majority of the directors if it holds more than 50% of the Shares on issue, at a meeting of directors, each director is entitled to the number of votes equal to the number of shares held by their appointing shareholder. In each case, only Frontier can remove or replace directors that it appoints pursuant to the Shareholders' Agreement.
- *Special majority matters and key special majority matters:* the parties and directors must ensure that certain 'special majority' matters are not effected unless approved by Frontier's appointed director (in the case of board matters) or Frontier (in the case of shareholder matters).<sup>31</sup> In the case of the Shareholders' Agreements for Encuentra24.com AG, Moteur.ma, Lanka Property Web (Private) Limited, iMyanmar Pte Ltd and ToLet.com.ng Limited, the parties and directors must ensure that certain 'key special majority matters' are effected as directed by Frontier's appointed director (in the case of board matters) or Frontier (in the case of shareholder matters). Key special majority matters include approving budgets and business plans, expenditures outside budget and increases in employee annual remuneration by more than 10%. Special majority matters include conduct of litigation, entry into material contracts, issues of securities, changes to the business such as expansions into other jurisdictions (which Frontier may block if such expansions may cause Frontier to breach its non-compete obligations with other Operating Companies), certain matters relating to employees, borrowing and acquisitions and disposals.
- *Ongoing requirements:* except in the case of Kupatana AB, the shareholders and the Operating Company must ensure that the Operating Company and each of the entities it controls, effects each of the 'ongoing requirements' as described in the Shareholders' Agreement (unless each shareholder has otherwise agreed). Examples of the ongoing requirements include conducting the business in the ordinary course, maintaining the assets of the business and complying with laws. The ongoing requirements also require the Operating Companies to provide Frontier with information on an ongoing basis, such as management accounts (generally on a monthly or quarterly basis) and reviewed and audited accounts (for the 6 month period ended 30 June and 12 month period ended 31 December).

<sup>31</sup> In the case of Zameen Limited, matters relating to expenditure, business plan and budgets were reserved as 'special majority' board matters, and the restriction on effecting those matters unless approved by Frontier's appointed director expired in March 2016.

## 9.4.3.2 ISSUES OF SHARES

In most cases, the Operating Company must not issue any securities except as approved by Frontier and effected either in accordance with the Shareholders' Agreement or any other written agreement between the Operating Company and its shareholders but in other cases (for example Zameen Limited) there is no requirement for approval by Frontier when the issue is in accordance with the 'pre-emption' regime specified in the Shareholders' Agreement and described below. The primary process for the issue of securities under the Shareholders' Agreements requires that securities be offered to the existing shareholders of the Operating Company in proportion to their existing holdings. However, in the case of the Shareholders' Agreements governing each Operating Company whose shares are subject to a Share Sale Agreement (see section 9.4.4 for more details) but excluding Encuentra24.com AG, Frontier has a first right to acquire any shares offered for issue, after which all remaining shares not acquired by Frontier will be offered to the Other Existing Shareholders in proportion to their existing holdings.

If the shareholders do not collectively request the full amount of securities on offer by the Operating Company, the shareholders that subscribed for their full entitlement will have additional opportunities to increase their requested securities. Provided this process has been followed, any remaining securities on offer may be issued to any person, subject to Frontier's consent (except in the case of Encuentra24.com AG) and at a price no less and on terms no more favourable than offered to shareholders.

## 9.4.3.3 TRANSFERS OF SHARES

A shareholder cannot dispose of its shares unless it:

- disposes such shares to a 'permitted transferee' (being an entity associated with the shareholder, or another shareholder);
- complies with provisions of the Shareholders' Agreement providing pre-emption, 'tag along' and 'drag along' rights, and in most cases the right for Frontier to first acquire any shares offered; or
- obtains approval from each other shareholder.

The tag along rights referred to above allow shareholders who have not received an offer for their shares to 'tag along' on offers received by a shareholder or shareholders who hold a given percentage of shares (generally between 50% or 75% of the ordinary shares of the relevant Operating Company) by selling a specified number of shares to the purchaser. The drag along rights referred to above allow a shareholder or shareholders who hold a certain percentage of shares in an operating company (generally between 50% or 75% of the ordinary shares of the relevant Operating Company) who proposes to sell all of their shares to a third party, to force the other shareholders to sell all their shares to that third party. In some cases the ability to transfer shares and therefore the 'tag' and 'drag' clauses are only triggered a certain period after the date of the Shareholders' Agreement.

In all cases, having regard to the size of the shareholding Frontier holds in the operating companies, Frontier cannot be subject to a drag along notice provided by another shareholder.

The pre-emption rights referred to above provide that:

- in the case of the Shareholders' Agreements governing each Operating Company whose shares are subject to a Share Sale Agreement (see section 9.4.4 for more details) but excluding Encuentra24.com AG, Frontier has a first right to acquire any shares offered for transfer, after which all remaining shares not acquired by Frontier will be offered to the Other Existing Shareholders in proportion to their existing holdings; and
- in the case of the Shareholders' Agreements governing each other Operating Company, the shares offered for transfer will be offered to the Other Existing Shareholders in proportion to their existing holdings.

#### 9.4.3.4 EVENTS OF DEFAULT

An event of default generally occurs in respect of a shareholder in cases of unremedied breach of a material obligation by that shareholder, changes in law prohibiting the shareholder from being a shareholder in the Operating Company, an insolvency event occurring to the shareholder, fraud committed by the Shareholder, a change of control of the shareholder without consent of all other shareholders, or disposal of shares in the Operating Company by the shareholder in breach of the Shareholders' Agreement.

If an event of default occurs, non-defaulting shareholders have a right to purchase the defaulting shareholders' shares at a price determined by the board (excluding nominees of the defaulting shareholder) or an independent valuer (taking into account, amongst other things, the price at which shares in the Operating Company were last issued). However, in the case of the Shareholders' Agreements governing each Operating Company whose shares are subject to a Share Sale Agreement (see section 9.4.4 for more details) excluding Encuentra24.com AG Frontier has a first right to acquire the defaulting shareholder's shares, after which all remaining shares not acquired by Frontier will be offered to the Other Existing Shareholders in proportion to their existing holdings.

Defaulting shareholders, other than in the case of Encuentra.com AG, may not exercise their rights under the constitution or Shareholders' Agreement, including any voting rights during the period that they are in default.

#### 9.4.3.5 CONFIDENTIALITY

Each party to the Shareholders' Agreement must not disclose any confidential information relating to the Operating Company, subject to standard exceptions.

#### 9.4.3.6 NO-COMPETITION

Each party (other than the Operating Company) must not during an agreed time period:

- be involved in any business similar to or competitive with the business of the Operating Company in the country in which it operates;
- persuade customers or clients to reduce the amount of business with the Operating Company, or accept from a customer or client any business that may ordinarily form part of the business of the Operating Company; or
- induce employees or consultants of the Operating Company to terminate their employment or consultancy.

## 9.4.4 SHARE SALE AGREEMENTS IN RESPECT OF OPERATING COMPANIES

Under a series of Share Sale Agreements entered into on or shortly before the Prospectus Date, holders of shares in the Operating Companies set out in Table 14 below (the **Operating Company Vendors**) have agreed to transfer additional shares in the Operating Company to Frontier, subject to and on Completion of the Offer and as set out in the table below. The consideration provided by Frontier in exchange for the shares in the Operating Companies is shares in Frontier. A similar transaction is contemplated by the terms sheet for the Hatla2ee investment described in section 3.5.5.1 above. Frontier's total holding in each Operating Company on Completion of the Offer, assuming the Share Sales have occurred, is set out in Table 2 in section 3.3.

**Table 14: Share Sale Agreements**

OPERATING COMPANY	OPERATING COMPANY VENDORS	% OF ISSUED CAPITAL OF OPERATING COMPANY OBTAINED THROUGH SHARE SALE AGREEMENT	SHARES ISSUED IN FRONTIER UNDER SHARE SALE AGREEMENTS
Afribaba Holdings Pte Ltd	Jacques Jules Temgo Guiffo	19.78%	473,538
IMCongo Properties Pte Ltd	Christian Rucogoza Bizimana Didier Katumwa Ngituka Dido Kiswaka Boye Richard Mbayo Wa Mbayo	22.77%	332,500
TechAfrica Pte Ltd	Kenneth Berggreen Hogrefe	20.00%	239,400
Meqasa Holdings Pte Ltd	Kelvin Nyame Kofi Enu Ayodele Amuasi Rashad Tunteiya Seini Meltwater Foundation	30.84%	1,640,472
Carwangu Pte. Ltd	Nkashama Tshibangu Steve Peyriere Axel Bruno Pierre Yves	20.04%	309,115
Rebbiz Pte Ltd	Myat Min Han Teh Eileen Thaw Tint Wai Phyo Kyaw Wai Yan Lin	20.36%	2,058,430
Lanka Property Web (Private) Limited	Pathinija Gunaratna Daham Gunaratna	7.28%	212,948
Encuentra24.com AG	Wendy Jordan Boris Metraux	12.40%	4,618,914
Toilet.com.ng	Fikayo Ogundipe Oladapo Eludire Oluwaseyi Ayeni Sulaiman Balogun	2.00%	164,920

Completion of the Share Sale Agreement under which Frontier will acquire an additional interest in Lanka Property Web (Private) Limited, is subject to conditions requiring certain approvals of the Controller of Exchange of the Central Bank of Sri Lanka. In the event that these conditions are not satisfied or waived the Share Sale in respect of Lanka Property Web (Private) Limited will not complete.

In addition to the provisions relating to the transfer of shares, key terms of the Share Sale Agreements include:

- *Representations and warranties:* In each Share Sale Agreement, the shareholders of the Operating Company provide certain representations and warranties to Frontier relating to the shares being transferred and the Operating Company and its assets (including in relation to capital structure, intellectual property rights, taxation status, litigation status, solvency and corporate records). Frontier also provides limited standard warranties relating to its solvency and power and capacity to enter into the relevant Share Sale Agreement; and
- *Amendments to shareholders and subscription agreement:* in connection with the Share Sales, the parties to the Share Sale Agreements agreed to vary certain terms of the shareholders and subscription agreements (as described above) to reflect Frontier's increased holding in the relevant Operating Company.

## 9.5 UNDERWRITING AGREEMENT

The Company and the Underwriters have entered into an Underwriting Agreement dated 15 July 2016, pursuant to which the Underwriters have agreed to arrange, manage and underwrite the Offer.

### 9.5.1 FEES AND EXPENSES

On settlement of the Offer, which is expected to occur on 23 August 2016 (**Settlement Date**), the Company must pay the Underwriters in equal proportions an offer management, selling and underwriting fee (exclusive of GST) of:

- 5.0% of the Offer proceeds, excluding funds received from Applicants who have received a personalised invitation to apply for Shares under the Offer by the Underwriters; and
- 2.0% of the funds which are received from Applicants who have received a personalised invitation to apply for Shares under the Offer by the Underwriters.

The Company has agreed to reimburse the Underwriters for reasonable costs and expenses of, and incidental to, the Offer (including legal fees of up to \$50,000).

### 9.5.2 TERMINATION EVENTS

Either Underwriter may, at any time from the date of execution of the Underwriting Agreement until settlement of the Offer or at any other time as specified below, terminate the Underwriting Agreement (without any cost or liability to the Underwriter) by notice to the Company, if any of the following events occur:

- (failure to lodge Prospectus) the Company fails to lodge the Prospectus with ASIC in a form approved by the Underwriters on lodgement;
- (disclosures in Prospectus) a statement contained in the Prospectus on lodgement is misleading or deceptive (including by omission) or likely to mislead or deceive, or becomes misleading or deceptive, or a material matter is omitted from the Prospectus;
- (ASX approval) approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
  - the Company's admission to the official list of ASX on or before the approval date for listing; or
  - the official quotation of all of the Shares on ASX or for the Shares to be traded through CHESS on or before the date for quotation,

or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld or the ASX indicates to the Company that approval is likely to be withdrawn, qualified (other than by customary conditions) or withheld;

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- (withdrawal) the Company withdraws the Prospectus, any supplementary Prospectus or the Offer;
- (supplementary or replacement Prospectus) the Underwriters reasonably form the view that a supplementary Prospectus must be lodged with ASIC under section 719 of the Corporations Act and the Company does not lodge a supplementary Prospectus with ASIC in the form and with the content, and within the time, reasonably required by the Underwriters;
- (regulatory action) any of the following occurs:
  - a person applies for an order under Part 9.5 of the Corporations Act in relation to the Offer, the Prospectus or a statement in any of the documents issued or published by, or on behalf of, and with the authorization of, the Company in respect of the Offer (e.g. this Prospectus, any Applicable Form and any investor presentation) (**Offer Documents**), except where the Application does not become publicly known and is dismissed or withdrawn at least one business day before settlement of the Offer;
  - ASIC gives notice of intention to hold a hearing in relation to the Offer or the Prospectus or other Offer Documents under section 739(2) of the Corporations Act or makes an order under section 731 of the Corporations Act or an interim order under section 739(3) of the Corporations Act; or
  - ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Offer, the Prospectus or other Offer Documents;
- (notice under section 730) any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus (other than the Underwriters);
- (market fall) at any time the S&P/ASX 200 Index closes at a level that is 90% or less of the level as at the close of trading on the business day immediately preceding the date of the Underwriting Agreement and remains below that level at the close of trading on ASX for three consecutive business days or is at that level on the business day immediately before the Settlement Date;
- (repayment of the Application Monies) any circumstance arises after lodgement of the Prospectus that results in, or will result in, the Company either repaying the Application Monies received from Applicants or offering Applicants an opportunity to withdraw their Applications for Shares and be repaid their Application Monies;
- (insolvency) the Company or Frontier Group becomes insolvent, or there is an act or omission which is likely to result in the Company or a member of the Frontier Group becoming insolvent;
- (certificate not provided) the Company does not provide a certificate as and when required by the Underwriting Agreement;
- (certificate incorrect) a statement in any certificate required under the Underwriting Agreement is false, misleading, inaccurate or untrue or incorrect;
- (change in management) other than as disclosed in this Prospectus, a change to the board of Directors, the chief executive officer and or chief financial officer occurs or is announced; and
- (failure to issue) the Company is or becomes unable, for any reason to issue the Shares on Completion of the Offer.

### 9.5.3 TERMINATION EVENTS SUBJECT TO MATERIALITY

Any Underwriter may, at any time from the date of the Underwriting Agreement until settlement of the Offer terminate its obligations if, in the reasonable opinion of the Underwriter, the event:

- has had, or is likely to have, a materially adverse effect on the success of the Offer, the subsequent market for the Shares or the financial position, performance or business of the Frontier Group; or
- has given rise to, or could give rise to liability for an Underwriter under any applicable law, or a contravention by an Underwriter of any applicable law;

The events are:

- (offer document do not comply) on lodgement, the Prospectus does not comply with the Corporations Act, the Listing Rules or any other applicable law;
- (adverse change) any event occurs which is likely to give rise to:
  - any adverse change in the nature of the business conduct by the Frontier Group; and
  - any change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Frontier Group from those disclosed in the Prospectus on lodgement or Offer Documents;
- (consent withdrawn) any person (other than the Underwriters seeking to rely on this provision) gives a notice under section 733(3) of the Corporations Act or any person who has previously consented to the inclusion of its name in the Prospectus (or any replacement or supplementary Prospectus) withdraws that consent;
- (disclosure in Offer Documents other than Prospectus) a statement contained in the Offer Documents (other than the Prospectus) is misleading or deceptive (including by omission) or likely to mislead or deceive, or becomes misleading or deceptive, or a material matter is omitted from the Offer Documents (other than the Prospectus);
- (new circumstances) a new circumstance occurs in relation to the Frontier Group (whether or not the Company announces it) that has arisen since the Prospectus was lodged with ASIC that would have been required to be included in the Prospectus if it had arisen before the Prospectus was lodged with ASIC;
- (forecast incapable of being met) any forecast or forward looking statements in the Prospectus or other Offer Documents becomes incapable of being met;
- (material contracts, restriction agreements) a material contract referred to in the Prospectus, or restriction agreement:
  - is breached;
  - is without the prior written consent of the Underwriters (not to be unreasonably withheld), amended or varied;
  - is terminated (whether by breach or otherwise);
  - ceases to have effect, otherwise than in accordance with its terms; or
  - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and affect, or its performance is or becomes illegal;

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- (change in laws) any of the following occurs which is likely to restrict the Offer or reduce the likely level of Applications for Shares:
  - the introduction of legislation into the parliament of the Commonwealth of Australia, or any State or Territory of Australia;
  - the public announcement of prospective legislation or policy by the Australian Federal Government or the Government of any Australian State or Territory; or
  - the adoption by ASIC or the Reserve Bank of Australia of any regulations or policy;
- (breach of law or regulations) the Company contravenes its Constitution, the Listing Rules or any other applicable law or regulation;
- (warranties or representation untrue) any of the warranties or representations by the Company in the Underwriting Agreement become untrue or incorrect;
- (breach) the Company is in default of any of the terms and conditions of the Underwriting Agreement and that default or breach is either incapable of remedy or is not remedied by the Company within five business days after being given notice;
- (restricted activities) any member of the Frontier Group (without the prior written consent of the Underwriter):
  - disposes, or agrees to dispose, a substantial part, of its business or property other than as contemplated in the Prospectus;
  - ceases or threatens to cease to carry on business;
  - alters its capital structure (debt or equity), other than as contemplated in the Prospectus or the Underwriting Agreement;
  - amends the Constitution; or
  - amends the terms of issue of the Shares;
- (adverse change in financial markets) any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, the United States of America, the United Kingdom, Russia, New Zealand, Japan, the People's Republic of China, Malaysia, Singapore, Hong Kong, Austria, France, Germany, Italy, Spain, Pakistan, Myanmar, Morocco and Central America not existing on the date of the Underwriting Agreement is declared by the relevant authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services, or any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls, in any of those countries;
  - trading in securities generally quoted or listed on ASX, the London Stock Exchange, the Hong Kong Stock Exchange, the New York Stock Exchange or the NASDAQ is suspended or limited in a material respect for at least one day on which that exchange is open for trading; or
  - after the date of the Underwriting Agreement, a change or development (which was not publicly known prior to the date of the Underwriting Agreement) involving a prospective adverse change in taxation affecting the Frontier Group or the Offer occurs;
- (hostilities) hostilities not presently existing commence or a major escalation in existing hostilities occurs, or a major act of terrorism occurs in or involving any one or more of Australia, the United States of America, the United Kingdom, Russia, New Zealand, Japan, the People's Republic of China, Malaysia, Singapore, Hong Kong, Austria, France, Germany, Italy, Spain, Pakistan, Myanmar, Morocco and Central America or involving any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world;



- (Directors) a Director or senior executive of the Company is charged with an indictable offence, any government agency commences any public action against a Frontier Group member, a member of management of the Frontier Group or any of the Frontier Group Directors, or announces that it intends to take that action or any Director, is disqualified from managing a corporation under the Corporations Act or a member of management or a Director of the Frontier Group engages in any fraudulent conduct or activity;
- (timetable delay) any event set out in the timetable in this Prospectus is delayed for more than two business days, unless the Underwriters consent to a variation (not to be unreasonably withheld or delayed);
- (disclosure in due diligence) the due diligence report or any other information supplied by or on behalf of the Frontier Group to the Underwriters in relation to the due diligence process, Shares, the Frontier Group, the Offer, or the Offer Documents is or becomes untrue, incorrect, misleading or deceptive including by omission;
- (government agency action) ASIC or any other government agency commences or threatens to commence any hearing, inquiry, investigation, proceedings or prosecution, or takes any regulatory action or seeks any remedy, in connection with the Company, a Director of the Company, the Offer or the Offer Documents; and
- (Proceedings – person other than ASIC) a person other than ASIC commences any enquiry, investigation or proceedings, or takes any regulatory action or seeks any remedy, in connection with the Company, the Offer or the Offer Documents and enquiry, investigation or proceedings is not disposed of or withdrawn to the Underwriters' reasonable satisfaction on or before the fifth business day following commencement, the taking of the action or seeking of remedy or, if the Settlement Date occurs prior to that fifth business day, before 10:00am on the Settlement Date.

#### 9.5.4 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

The Underwriting Agreement contains representations, warranties and undertakings provided by the Company to the Underwriters.

The representations and warranties relate to matters such as its powers and capacities, conduct of the Company (including in respect of its compliance with applicable laws and the Listing Rules, business and status, due diligence and disclosure), certain documents issued by the Company in connection with the Offer (which includes the Offer Documents), the information provided (including the Financial Information), insolvency, the conduct of the Offer, litigation and insurance.

The Company's undertakings include that it will not, from the date of the Underwriting Agreement up until 120 days after Completion of the Offer, without the prior written consent of the Underwriters (which must not be unreasonably withheld or delayed), issue or agree to issue any Shares or other securities of the Company or permit any member of the Frontier Group to do any of the foregoing, other than the issue of securities of the Company under the Offer, the Underwriting Agreement, an employee share plan or as specifically contemplated in the Prospectus or Offer Documents.

#### 9.5.5 INDEMNITY

The Company agrees to keep the Underwriters and certain of the Underwriters' affiliated parties indemnified from losses suffered in connection with the Offer, subject to customary exclusions (including fraud, wilful misconduct, recklessness and gross negligence).

## 9.6 ESCROW ARRANGEMENTS

Shares in Frontier are subject to mandatory escrow arrangements (see section 9.6.1) and voluntary escrow arrangements (see section 9.6.2).

### 9.6.1 MANDATORY ESCROW

As a condition of Listing, ASX will classify certain Shares as restricted securities. Prior to quotation, certain Shareholders and Directors (and their related entities) will be required to enter into mandatory escrow restriction agreements in relation to Shares with Frontier.

SHAREHOLDER	SHARES SUBJECT TO MANDATORY ESCROW	% OF SHAREHOLDERS' SHAREHOLDING SUBJECT TO MANDATORY ESCROW	% OF TOTAL ISSUED SHARES IN FRONTIER ON COMPLETION OF THE OFFER SUBJECT TO MANDATORY ESCROW	END OF ESCROW PERIOD
Catcha Group	62,675,531	71%	29%	25 August 2018
Shaun Di Gregorio	26,633,637	72%	12%	25 August 2018
David Baxby	1,155,689	54%	1%	25 August 2018
Other Existing Shareholders	5,735,088	30%	3%	6 December 2016
Operating Company Vendors	10,050,237	100%	5%	25 August 2017

The effect of the mandatory escrow restriction agreements will be that the securities cannot be dealt with for the duration of the mandatory escrow period. Any Shares issued to Shareholders and Directors may also be classified by ASX as restricted securities and subject to restriction agreements.

### 9.6.2 VOLUNTARY ESCROW

Catcha Group and Shaun Di Gregorio have each entered into voluntary escrow deeds with the Company in relation to the remainder of their Shares not subject to mandatory escrow. Under their respective voluntary escrow deeds Catcha Group and Shaun Di Gregorio agree, subject to certain limited exceptions, not to deal in those Shares for the duration of the voluntary escrow period.

SHAREHOLDER	SHARES SUBJECT TO VOLUNTARY ESCROW	% OF SHAREHOLDING SUBJECT TO VOLUNTARY ESCROW	% OF TOTAL ISSUED SHARES IN FRONTIER ON COMPLETION OF THE OFFER SUBJECT TO VOLUNTARY ESCROW	END OF ESCROW PERIOD
Catcha Group	25,449,020	29%	12%	25 August 2017
Shaun Di Gregorio	10,386,722	28%	5%	25 August 2017

### 9.6.3 RELEASE OF ESCROW

There are limited circumstances in which the mandatory or voluntary escrow may be released, namely:

- to allow the holder to accept a takeover bid for Frontier in accordance with the Corporations Act provided that offer is for all the ordinary securities of Frontier and holders of not less than 50% of Shares not subject to escrow have then accepted the takeover bid; and
- to allow the Escrowed Shares to be transferred or cancelled as part of a merger by way of scheme of arrangement under Part 5.1 of the Corporations Act.

In addition to these limited circumstances in which the mandatory or voluntary escrow may be released, the voluntary escrow deed for Catcha Group allows Catcha Group to undertake a corporate restructure, provided that there is no change in the indirect economic ownership of the Shares currently held by Patrick Grove and Luke Elliott, and the transferee of the shares enters into an equivalent escrow deed for the remainder of the relevant escrow period.

The mandatory escrow restriction agreements and the voluntary escrow deeds prevent the escrowed party from giving security over their Escrowed Shares.

## 9.7 ASX WAIVERS AND ASIC RELIEF

The Company has a confirmation from ASX that ASX will not treat Frontier as an investment entity for the purposes of ASX listing rules.

No ASIC relief has been obtained by Frontier.

## 9.8 CONSENTS AND DISCLAIMERS OF RESPONSIBILITY

Each of the following parties has given and has not, before the lodgement of this prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named:

- Bell Potter Securities Ltd, as Joint Lead Manager and Underwriter to the Offer;
- Morgans Corporate Limited, as Joint Lead Manager and Underwriter to the Offer;
- Herbert Smith Freehills, as Australian legal advisor to the Company in relation to the Offer (excluding in relation to taxation and stamp duty matters);
- PricewaterhouseCoopers Securities Ltd, as Investigating Accountant to the Company in relation to the Pro Forma Aggregated Historical Financial Information and has given and not withdrawn its consent to the inclusion in this Prospectus of its Investigating Accountant's Report in the form and context in which it is included;
- PricewaterhouseCoopers, as auditor of the Company has given and has not withdrawn its consent to the inclusion in this Prospectus;
- Frost & Sullivan (Australia) Pty Limited, as Independent Market Expert to the Company in relation to the Offer and has given and not withdrawn its consent to the inclusion in this Prospectus of its Independent Market Report in the form and context in which it is included;
- Computershare Investor Services Pty Limited, as the Share Registry; and
- each of Afribaba Holdings Pte Ltd, IMCongo Properties Pte Ltd, TechAfrica Pte Ltd, African Property Portals Group t/a African Property Group, Meqasa Holdings Pte Ltd, Carwangu Pte. Ltd, Rebbiz Pte Ltd, Pakwheels Pte Ltd, Moteur.ma, Lanka Property Web (Private) Limited, iMyanmar Pte Ltd, Encuentra24.com AG, ToLet.com.ng Limited, and Zameen Limited, as an Operating Company, and has given and not withdrawn their consent to the inclusion in this Prospectus of the information in respect of them.

No entity or person referred to above in this Section 9.8 has made any statement that is included in this Prospectus or any statement on which a statement in this Prospectus is based, except as stated above. Each of the entities and persons referred to in this Section 9.8 has not authorised or caused the issue of this Prospectus, does not make any offer of Shares, and expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus except as stated above.

## 9.9 LITIGATION AND CLAIMS

As far as the Directors are aware, there are no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which Frontier is directly or indirectly concerned which are likely to have a material adverse effect on the business or financial position of Frontier.

## 9.10 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications and bids are governed by the law applicable in Victoria, and each Applicant or bidder for Shares under this Prospectus submits to the non-exclusive jurisdiction of the courts of Victoria.

## 9.11 STATEMENT OF DIRECTORS

The Directors report that after due inquiries by them, in their opinion, since the date of the financial statements in the pro forma historical financial information in Section 4, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of Frontier, other than as disclosed in this Prospectus.

This Prospectus is authorised by each Director of Frontier who has consented to its lodgement with ASIC and its issue.

**SECTION 10**

# Glossary

# Glossary

TERM	MEANING
Applicant	a person who submits an Application.
Application	an application for Shares under the Offer described in this Prospectus.
Application Form	each of the paper and electronic application forms attached to, or accompanying this Prospectus upon which an Application may be made.
Application Monies	the amount accompanying an Application Form submitted by an Applicant.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited (ACN 008 624 691), or where the context requires, the Australian Securities Exchange, which it operates.
ASX Recommendations	the ASX Corporate Governance Principles and Recommendations (3rd edition).
Bell Potter	Bell Potter Securities Ltd (ABN 25 006 390 772).
Board	the board of Directors.
Broker	any ASX participating organisation selected by the Underwriters and the Company to act as a broker to the Offer.
Broker Firm Applicant	a person who submits an Application under the Broker Firm Offer.
Broker Firm Offer	the invitation to Australian resident retail clients of Brokers to acquire Shares offered under this Prospectus provided that such clients are not in the United States.
Call Options	the call options over shares in certain of the Operating Companies that Frontier holds as a result of the terms of certain subscription and other agreements described in section 9.4.1.
Catcha Group	Catcha Group Pte Ltd, a company incorporated in Singapore.
Chairman or Chair	the chairman of the Company.
CHESS	Clearing House Electronic Subregister System, operated in accordance with the Corporations Act.
Closing Date	the date on which the Broker Firm Offer is expected to close, being 5:00pm (Melbourne time) on 19 August 2016, or such other date and time determined by the Board.
Company or Frontier	Frontier Digital Ventures Limited (ACN 609 183 959).
Completion of the Offer	completion of the issue of Shares under this Prospectus.
Constitution	the constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	the directors of the Company.
Dollars or \$ or A\$ or AUD	the lawful currency of the Commonwealth of Australia

TERM	MEANING
Escrowed Shareholders	the holders of Shares who are set out in the table in section 9.6.
Escrowed Shares	the Shares held by Escrowed Shareholders that are subject to escrow restrictions as set out in Section 9.6.
Existing Shareholder	a person holding Shares as at the Prospectus Date.
Expiry Date	the date that is 13 months after the Prospectus Date.
Exposure Period	the period commencing on the date of lodgement of this Prospectus with ASIC and ending seven days after lodgement, subject to any extension of the period by ASIC.
Financial Information	as defined in Section 4.
Frontier or Company	Frontier Digital Ventures Limited (ACN 609 183 959).
Frontier Group	the Company, and where the context requires, its subsidiaries.
Frontier Singapore	Frontier Digital Ventures Pte Ltd, a wholly owned subsidiary of Frontier, which is incorporated in Singapore.
FY or Financial Year	a year ending 31 December.
Historical Financial Information	as defined in Section 4.
Independent Market Expert	Frost & Sullivan (Australia) Pty Limited.
Independent Market Report	the report prepared by the Independent Market Expert set out in Section 2.
Institutional Investor	a person to whom offers and issues of Shares may lawfully be made without the need for disclosure under Chapter 6D.2 of the Corporations Act or without any other lodgement, registration, disclosure or approval with or by a government agency (other than one with which the Company, in its absolute discretion, is willing to comply) under any applicable law.
Institutional Offer	the invitation under this Prospectus to certain Institutional Investors to apply for Shares.
Investigating Accountant	PricewaterhouseCoopers Securities Ltd.
Investigating Accountant's Report	the report of the Investigating Accountant set out in section 8.
Listing	admission of the Company to the official list of ASX.
Listing Rules	the official listing rules of the ASX.
Morgans	Morgans Corporate Limited (ABN 32 010 539 607).
Offer	the offer under this Prospectus of Shares for issue by the Company.
Offer Information Line	as described in the Corporate Directory.
Offer Period	the period commencing on the Opening Date and ending on the Closing Date.

# Glossary

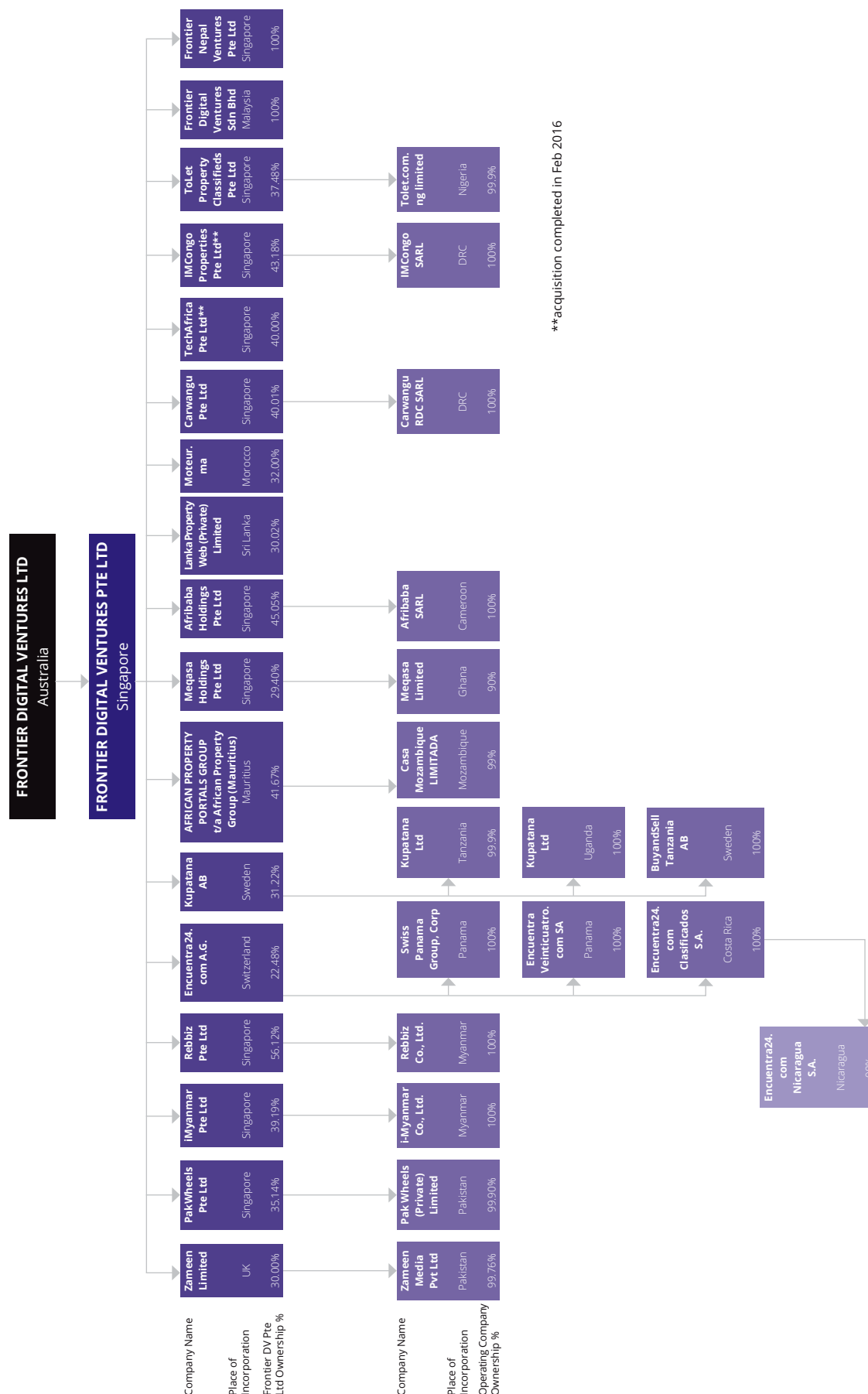
TERM	MEANING
Offer Price	\$0.50 per Share.
Opening Date	the date the Broker Firm Offer opens being 10 August 2016, or such other date determined by the Board.
Operating Companies	the 15 companies in which Frontier has interests which operate online classifieds businesses in either the automotive, property or general classifieds space, as listed in the table in section 3.3.
Operating Company Vendors	the vendors of shares in Operating Companies pursuant to the Share Sales, who are listed in Table 14 in section 9.4.4.
Other Existing Shareholders	Existing Shareholders, excluding Catcha Group, Shaun Di Gregorio and David Baxby.
Prospectus	this prospectus issued by the Company for the purposes of Chapter 6D of the Corporations Act, under which Shares are offered for subscription.
Prospectus Date	the date of this Prospectus, being 2 August 2016.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a holder of Shares from time to time.
Shareholders' Agreements	the agreements, described in section 9.4.3, between shareholders of the Operating Companies to govern their relationship and operation of the Operating Companies.
Share Registry	Computershare Investor Services Pty Limited.
Share Sale Agreements	the share sale agreements described in section 9.4.4 between Frontier, Frontier Singapore and other shareholders in some of the Operating Companies, under which Frontier Singapore will acquire additional shares in those Operating Companies, in exchange for an issue of shares in Frontier.
Share Sales	the share sales which will occur under the Share Sale Agreements.
Target Markets	the markets in which Frontier currently operates (through the Operating Companies) or intends to operate (through investments in similar companies or the expansion of operations of an Operating Company) in the future, as set out in section 3.1.4.
Underwriter	each of Bell Potter and Morgans.
Underwriting Agreement	the underwriting agreement dated 2 August 2016 between the Company and the Underwriters.
United States	United States of America.
US Securities Act	US Securities Act of 1933, as amended.



## Appendix 1

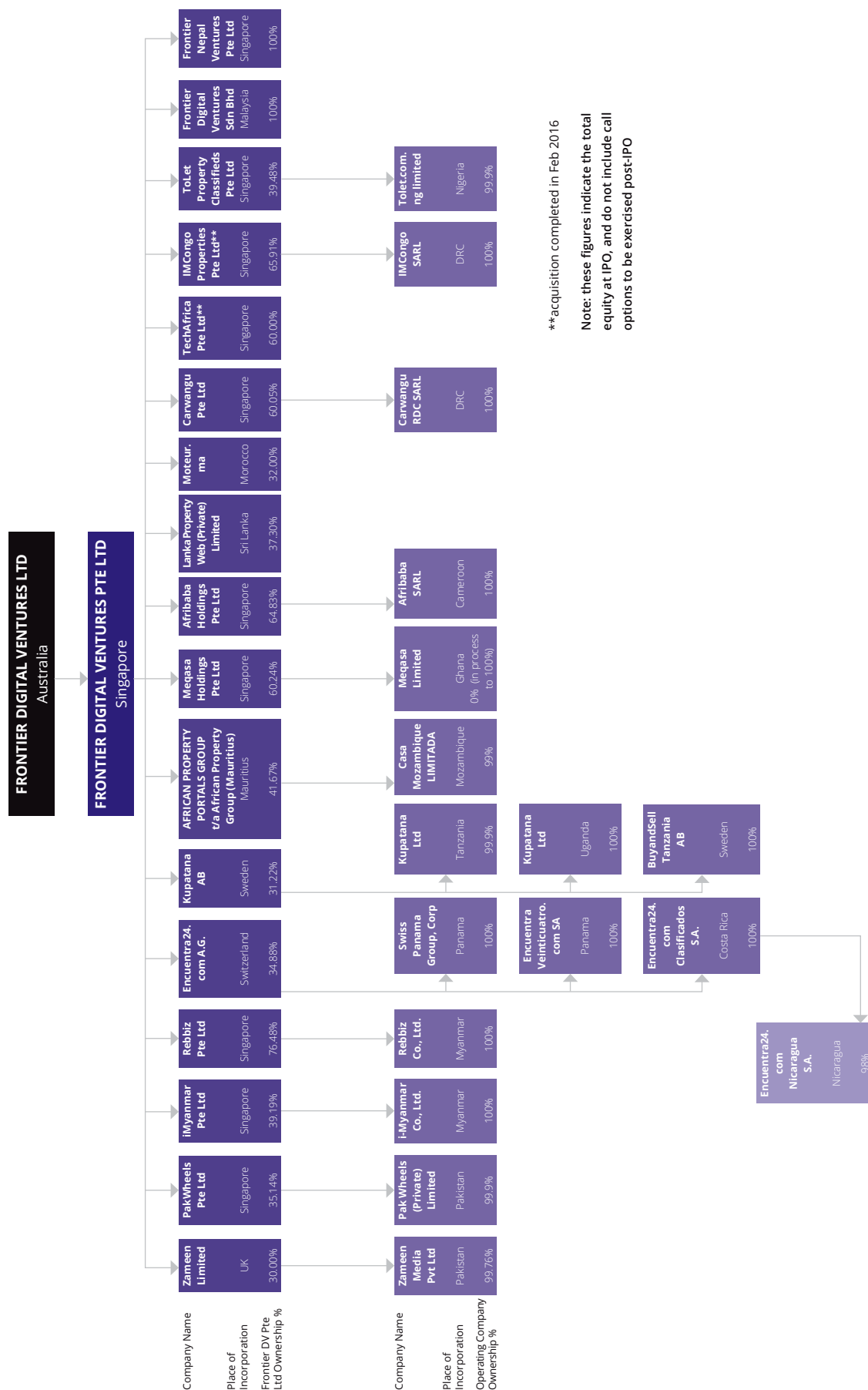
## FRONTIER DIGITAL VENTURES GROUP CHART

## Pre-share swaps



\*\*acquisition completed in Feb 2016

## Post-share swaps



\*\*\*acquisition completed in Feb 2016

Note: these figures indicate the total equity at IPO, and do not include call options to be exercised post-IPO

# Corporate Directory

## COMPANY ADDRESS

Level 7, 330 Collins Street, Melbourne, Victoria 3000

## FRONTIER OFFER INFORMATION LINE

1300 615 241 (within Australia) or +61 3 9415 4078 (outside Australia) from 9:00am to 5:00pm (AEST)  
Monday to Friday (excluding public holidays).

## DIRECTORS

David Baxby  
(Independent, non-executive Chairman)

Shaun Di Gregorio  
(CEO and executive Director)

Mark Licciardo  
(Independent, non-executive Director and Company Secretary)

## UNDERWRITERS

Morgans Corporate Ltd  
Level 28, 367 Collins Street  
Melbourne, VIC 3000

Bell Potter Securities Ltd  
Level 29, 101 Collins Street  
Melbourne, VIC 3000

## AUSTRALIAN LEGAL ADVISER

Herbert Smith Freehills  
Level 43, 101 Collins Street,  
Melbourne VIC 3000

## INVESTIGATING ACCOUNTANT

PricewaterhouseCoopers Securities Ltd  
Freshwater Place, 2 Southbank Boulevard  
Southbank VIC 3006

## AUDITOR

PricewaterhouseCoopers  
Freshwater Place, 2 Southbank Boulevard  
Southbank VIC 3006

## SHARE REGISTRY

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067