

ASX Code: FDV

7 September 2017

Investment into #1 property portal in Uruguay and Paraguay

- **Investment made for an initial 31.3% interest in Infocasas for US\$952k in cash consideration, with option to increase ownership to 51% through the acquisition of vendor shares**
- **Infocasas is the #1 property portal in both Uruguay and Paraguay and is the #2 property portal in Bolivia**
- **Combined revenues of US\$683k in 2016 and US\$428k in 1H 2017**
- **Infocasas is a highly targeted and strategic investment into the South American online classifieds market with a combined population of 21.0m across the three jurisdictions**
- **Infocasas co-founders are successfully delivering strong operational growth through their deep experience working in the local real estate markets**

Frontier Digital Ventures Limited (“Frontier”, ASX: FDV) is pleased to announce an investment into Infocasas, the #1 property portal in Uruguay and Paraguay and the #2 property portal in Bolivia.

The investment in Infocasas represents a highly targeted, strategic expansion into the South American online classifieds market. Frontier has targeted the dominant portal in the less competitive markets of Uruguay, Paraguay and Bolivia. These markets have a combined population of 21.0m, an average GDP growth rate of 3.3% (World Bank, 2016) and mobile penetration rate of 119% in 2015. Uruguay is also one of the most developed markets in South America (where Infocasas was founded).

Infocasas has established itself as the clear market leader in Uruguay and Paraguay and is now commencing its monetisation strategy. 1H 2017 revenues for Infocasas were US\$428k, up +56% from US\$275k in 1H 2016. As at July 2017, Infocasas had over 65,000 listings, up from 34,000 in July 2016 and monthly sessions were 504,128 (Google Analytics), which included a high proportion derived from organic searches (over 80%).

Frontier’s CEO and Founder, Shaun Di Gregorio said: *“Infocasas is a highly strategic investment into the South American online classifieds market, following a rigorous assessment of the competitive dynamics in play. Infocasas is the clear market leader and is starting to implement transactional revenues including financing and rentals. We look forward to implementing the relevant aspects of our v2.0 online classifieds business model with the Infocasas team.”*

Key operational and financial metrics

Key parameters

Population (m, Uruguay, Paraguay and Bolivia)	21.0
Monthly sessions (July 2017)	504,128
Agents on platform	
— Free	419
— Paying	510
Property listings (July 2017)	65,753
Revenue (1H 2017, US\$000)	428
Bounce rate ¹	30%
Organic search traffic	81%

¹ Bounce rate defined as the percentage of sessions made by visitors who access one page only, and do not open another page on the site

Monetisation in each market

Based on their competitive positions, Uruguay is fully monetising its leading position, with Paraguay having commenced monetisation in late 2016. Bolivia is expected to commence monetisation in 2H 2017. Combined revenues for 2016 were US\$683k, up 81% from US\$377k in 2015.

Ancillary revenue streams

Infocasas generates revenues from offline services including the distribution of its “Infocasas” magazine, where it monetises advertisements from property developers and agents. Total revenue from the magazine in 2016 was US\$231k.

Infocasas also monetises temporary rental opportunities through its rentals business Casas en al Este (acquired in 2016), a temporary rental site specialising in coastal properties in Uruguay. It is also working towards commercial alliances with major rental portals such as Airbnb, Booking.com, Tripadvisor and Expedia to replicate Infocasas listed properties on their platform.

Infocasas also provides home finance through its online portals in conjunction with the largest private bank in Uruguay.

Consideration payable

Frontier will pay consideration of US\$952k cash for an initial 31.3% interest in Infocasas through the issuance of US\$635k new shares and US\$317k in vendor shares. Frontier has also acquired an option to increase its ownership to 51% over the next two years by purchasing vendor shares at a pre-money valuation equivalent to 5 times the audited revenues of the previous twelve months.

About the founders

Infocasas was founded by Ricardo Frechou and Alejandro López who reside in Uruguay and Paraguay respectively. Ricardo has more than 15 years of experience in real estate in Uruguay and Argentina. Ricardo is deeply passionate about internet businesses having founded a number of successful companies including siquiero.com.uy and impactus.com.uy. Alejandro has over 20 years of sales experience at leading international companies and is central to the commercialisation of Infocasas across both the magazine and online portal.

Infocasas is expected to be equity accounted within Frontier until control is reached with a 51% interest.

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About Frontier Digital Ventures Limited

Frontier Digital Ventures is a leading operator of online classifieds businesses in underdeveloped, emerging countries or regions. With a track record of building and supporting market leading online businesses, Frontier Digital Ventures are experts in the online classifieds space with a particular focus on property and automotive verticals and general classifieds websites. Its portfolio currently consists of 18 market leading companies, operating businesses across 22 markets. With the extensive support offered to the local operating companies, coupled with their own energy and work ethic, Frontier Digital Ventures is bringing outstanding companies of global significance to their full potential and setting a new global standard of excellence in the field.