

URBANISE FY2017 GUIDANCE AND REVIEW OF CARRYING VALUE OF ASSETS

22 June 2017

Urbanise.com Limited (**Urbanise** or **Company**) (ASX:UBN) provides market guidance in respect to its financial year ending 30 June 2017.

The Company has undertaken a full review of its business, operations, operating model, ongoing systems development, large contract implementations, client vetting, client contracting and revenue growth strategies. The Company is also reviewing and rightsizing its cost base to position it for effective and sustained growth.

The focus on recurring revenue is gaining traction and contracted annual recurring revenue is expected to grow to \$8 million when current large project implementations are completed.

Based upon the recently finalised year to date operating results, the Company is forecasting a full year revenue of approximately \$5 million. The lower than previously announced forecast is due to slower than expected implementation of large client accounts and the longer sales cycle for corporate clients.

The Company has also conducted a review of the carrying value of its assets, with the Board deciding to recognise a non-cash impairment charge for certain intangibles, debtors and inventory in the range of \$20 million to \$25 million (pre-tax) in its 2017 full year financial results. Deferred tax assets of \$4 million reported as at 31 December 2016 are also expected to be written off due to the lack of probability of utilising the carried forward tax losses. The impairment outcomes are subject to finalisation of the full year accounts, which will be released August 2017.

At 31 May 2017 the Company was debt free and had a cash balance of \$6.2m.

Urbanise Acting Chief Executive Officer Tony Scotton said:

“Market conditions remain extremely good for all the Company’s products and there is an increased requirement from clients to further develop products and product offerings. There is also a requirement to reduce costs and increase efficiency. The business review has been the first step in this process.

Urbanise is a resilient business that is well positioned to deliver long term, sustainable earnings, but action is needed on the elements of our business that are not working as well as we would like.

As a result of the business review, we are introducing greater visibility of the performance lines within each business and region, and aligning accountabilities and authorities so our leaders have more control and drive better performance. A broader review of our business model will also ensure the same accountability for each part of the Urbanise business.

Any impairment is always disappointing but today’s announcement does not reflect the quality of Urbanise’s broader business or strategy. What it reflects is an expectation from

the Board and the CEO of an increased focus across the company on sustainable performance, reporting and decision making in the best interest of shareholders. These decisions, combined with a continued focus on transformation, provide a strong platform to best position the Company through the cycle for the long term.

Today's announcement demonstrates decisive action in response to a changed operating environment. These are critical steps in our commitment to fostering a culture of accountability, transparency, performance, collaboration and respect."

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About Urbanise Urbanise is the creator of a cloud-based platform for delivering strata, building services and managing property related financial transactions. Designed for strata managers, service providers, and asset owners, the Urbanise Industry Cloud software-as-a-service platform is transforming the traditional engineering approach to building operations – improving customer service, removing operational costs and enabling new revenue streams. Urbanise technology is used in some of the tallest towers and most prestigious communities around the globe.

www.urbanise.com

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