

Thursday 5<sup>th</sup> October 2023

**ASX ANNOUNCEMENT**

**ASX: PXA**

**PEXA GROUP TO STRENGTHEN UK EXPANSION WITH ACQUISITION OF SMOOVE PLC**

PEXA Group Limited (ASX: PXA) ("**PEXA**"), a world-leading ASX-listed digital property exchange platform and property insights solutions business, is pleased to announce it has reached agreement on the proposed acquisition of UK-based conveyancing technology provider, Smoove plc ("**Smoove**").

Under the terms of the acquisition, which will be by way of a scheme of arrangement ("**Scheme**") shareholders of Smoove ("**Smoove Shareholders**") will be entitled to receive 54 pence<sup>1</sup> in cash (the "**Consideration**") for each share in the capital of Smoove that they hold ("**Smoove Share**").

The board of directors of Smoove intends to unanimously recommend that Smoove Shareholders vote in favour of the Scheme and the resolutions required to implement the Scheme at the relevant Smoove shareholder meetings. If approved, it is expected the acquisition will complete in calendar Q4 2023.

The Consideration values Smoove at £30.8 million (A\$58.6 million), on a fully diluted basis, or £20.8 million (AUD \$41.5 million) net of acquired cash of £9.2 million as at 30 September 2023 and £0.8 million received from the proceeds of exercised options. The acquisition will be funded through cash currently held by PEXA, which has been drawn down from its existing facility and a newly established facility (which can be used for general commercial requirements, and which has a limit of \$40 million AUD).

**Background to and reasons for the transaction**

Smoove, which is listed on the Alternative Investment Market of the London Stock Exchange, is a provider of technology-based solutions to the UK conveyancing market. The company's primary product is e-Conveyancer. It is a panel management service which brings together conveyancers and introducers such as mortgage brokers and lenders and their customers to offer two-sided conveyancer marketplace connecting consumers with quality conveyancers. Smoove has also invested in developing Smoove Complete (which together with Smoove subsidiary Amity Law, provides a digital platform for Consultant Conveyancing Lawyers) and SmooveStart (a digital conveyancing solution for estate agents). It also owns Legal Eye, a provider of legal compliance services.

Acquiring Smoove will further assist PEXA in bringing its world-leading technology to the UK by deepening its presence in the market by providing access to:

- over 75 conveyancer firms through Smoove's conveyancer platform, in addition to approximately 2,100 firms through the work that Smoove does in arranging panels for lenders across the UK market;

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<sup>1</sup> References to pence and £ are references to units of British currency.

- remortgage flows equivalent to 7% of the UK market and sale and purchase flows across the Smoove platform which are equivalent to 3% of the UK's sales and purchase market which are intermediated by the Smoove platform<sup>2</sup>;
- opportunities to cross-sell the PEXA platform to panel firms of Smoove (which provides access to volumes both on and outside of the Smoove platform); and
- important relationships with key Smoove customers such as Lloyds Banking Group, which Smoove has been supporting since 2007.

Commenting on the proposed acquisition, PEXA Group CEO and Managing Director, Glenn King said:

"The acquisition is aligned with PEXA Group's strategy of enhancing and leveraging our property exchange know-how to deliver growth from different markets, including in other Torrens title jurisdictions, starting with the UK.

"Since entering the UK market, the PEXA Group has launched its first re-mortgage product, successfully brought two lenders onto the PEXA platform and acquired and progressed integration of specialist re-mortgage conveyancer, Optima Legal.

"The acquisition and integration of Smoove into the PEXA UK business will further help us address the many detriments suffered by consumers due to the UK's fragmented, inefficient conveyancing processes. The acquisition will allow us to build additional scale and depth in the UK market, enabling the PEXA product suite to reach more customers, whilst streamlining and improving the UK property transaction experience."

#### **Acquisition conditions and timing**

It is intended that the acquisition will be effected by a UK court-sanctioned scheme of arrangement between Smoove and Smoove Shareholders under Part 26 of the Companies Act 2006 (UK) ("**Scheme**"). The acquisition is subject to the requirements of the UK City Code on Takeovers and Mergers ("**UK Takeover Code**") and your attention is drawn to the qualification referred to in the section headed "UK Takeover Code" at the end of this announcement.

The acquisition will be subject to the conditions set out in Appendix 1 to the Rule 2.7 Announcement (defined below) ("**Conditions**"). The Conditions include, amongst other things, the approval of the Scheme by majority in number representing not less than 75% in value of each class of the Scheme shares held by Smoove Shareholders at the Meetings of Smoove Shareholders and obtaining certain UK regulatory approvals including from the Council for Licenced Conveyancers.

Subject to, among other things, the satisfaction (or, where applicable, waiver) of the Conditions, it is expected that the acquisition will become effective in Q4 2023.

#### **Recommendation and Smoove Shareholder support**

The board of directors of Smoove intend to unanimously recommend that Smoove Shareholders vote in favour of the Scheme and the resolutions required to implement the Scheme at the relevant shareholder Meetings.

PEXA, via Digcom UK Holdings Ltd (**Digcom**) has received irrevocable undertakings and a letter of intent to vote, or procure the voting, in favour of the Scheme at the court meeting and the resolution at the general meeting required to implement the Scheme in respect of a total of 32,010,862 Smoove Shares, representing, in aggregate, approximately 56.14 per cent. of the total issued share capital of Smoove as at the close of business (London time) on 3 October 2023.

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<sup>2</sup> Calculated based on Smoove's sale and purchase and remortgage completion volumes for the financial year ended 31 March 2023, Bank of England sale and purchase transactions (Bank of England data set LPMB4B3) and Bank of England remortgage transactions (Bank of England data set LPMVTX)

## Rule 2.7 Announcement

A copy of the announcement made by the boards of directors of Smoove and Digcom pursuant to the UK Takeover Code ("Rule 2.7 Announcement") can be found at <https://www.londonstockexchange.com/news-article/SMV/recommended-cash-acquisition-of-smoove-plc/16153355>. The Rule 2.7 Announcement contains further details, terms and Conditions of the acquisition and you are encouraged to read it in full.

Capitalised terms used but not defined in this announcement have the meaning given to them in the Rule 2.7 Announcement.

Due to the regulatory approval and clearance process, PEXA is unable to provide further details about the transaction until the acquisition becomes effective.

*A briefing session for investors and analysts will be held at 9:00am AEDT, Thursday 5<sup>th</sup> October. To join the call, please [register here](#).*

**-ENDS-**

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### About PEXA

PEXA is a world-leading ASX-listed digital property exchange platform and property insights solutions business. Since 2014, PEXA has facilitated more than 16 million property settlements through the PEXA Exchange in Australia, with 88% market reach, and in 2020 PEXA launched in the UK. The PEXA Group of companies, including .id (Informed Decisions), Value Australia and Land Insight, delivers digital insights and property solutions that help government, financial institutions, banks, and property practitioners to unlock the future value of property.

### Important Notice

Numis Securities Limited ("Numis"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial adviser to PEXA Group and Digcom, and no one else, in connection with the matters set out in this announcement, and will not be responsible to anyone other than the Board of PEXA Group and Digcom for providing the protections afforded to clients of Numis nor for providing advice in relation to the contents of this announcement or any other matter or arrangement referred to herein. Neither Numis nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Numis in connection with this announcement, any matter, arrangement or statement contained or referred to herein or otherwise.

### UK Takeover Code

The acquisition is subject to the rules of the UK Takeover Code. The UK Takeover Code requires PEXA Group to make a number of disclosures and take various actions in order to satisfy its requirements. A summary of those requirements are set out below.

### **Holding and Dealing Disclosure Requirements of the UK Takeover Code**

Under Rule 8.3(a) of the UK Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company (in this case, Smoove) or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the UK Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3. Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the UK Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the UK Takeover Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

### **Website display**

In accordance with Rule 26.1 of the UK Takeover Code, a copy of this announcement will be made available free of charge, subject to certain restrictions relating to persons resident in certain restricted jurisdictions, on PEXA Group's website at <https://investors.pexa.com.au/investor-centre/> by no later than 12 noon (London time) on the first business day following the date of this announcement. For the avoidance of doubt, neither the content of PEXA Group's website nor the contents of any websites accessible from any hyperlinks are incorporated into or form part of this announcement.