

ASX/MEDIA RELEASE - OTC

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OTOC EXPANDS IN NEW SOUTH WALES SURVEYING MARKET THROUGH STRATEGIC ACQUISITION

Highlights

- OTOC to acquire Linker Surveying Pty Ltd ("Linker") one of Sydney's most respected land surveying firms.
- The acquisition of Linker is significant strategic acquisition in a buoyant Sydney residential market and continues to deliver on OTOC's strategy of creating a premium multi-disciplinary national surveying business.
- Established in the 1960s, Linker is an industry leader in land and strata surveying, with particular expertise in inner city and multi-level developments.
- The purchase price comprises \$3.0 million in cash, and \$0.4m in OTOC shares. A further \$0.6m in cash will be payable subject to Linker achieving performance hurdles ("Purchase Price"). The Cash component of the Purchase Price will be funded from OTOC's cash reserves.
- The Purchase Price represents a multiple of approximately 4.0x FY2015 EBITDA.
- The acquisition is expected to be earnings per share accretive in FY2017 (excluding amortisation).

OTOC has entered into an agreement to acquire Linker Surveying Pty Ltd (**Linker**), a Sydney based surveying consultancy, for up to \$4.0m.

This acquisition is consistent with OTOC's strategy to develop a national premium surveying business and consolidates OTOC's national footprint building a significant presence in the important Sydney residential surveying market. The acquisition of Linker builds on OTOC's existing presence in the Australian surveying market through its wholly owned businesses, Whelans, Bosco Jonson, Geo-Metric Surveying and THG.

Established in 1966, Linker's origins were in traditional cadastral surveying, evolving into innovative strata and land titling solutions. Linker has completed a number of flagship residential and commercial developments in Sydney and has a blue-chip client base including Lend Lease, Billbergia, Frasers Property and Mirvac.

The principals of Linker will remain closely aligned to future performance through long-term employment contracts and a component of the purchase price being in OTOC shares and performance payments. The performance payments will be payable in cash over two years. The performance payments will accrue if annual EBITDA is greater than \$0.8 million.

The cash component of the up-front purchase price will be funded from existing cash reserves.

OTOC retains a strong balance sheet with pro-forma cash of approximately \$7.1m¹.

¹ Cash at 31 December 2015 (\$10.1m) less up-front cash component of the purchase price (\$3.0m)

Transaction Terms

Structure	Acquisition of the 100% of the issued capital of Linker Surveying Pty Ltd
Purchase price: Cash	\$3.0m payable at completion
Purchase price: OTOC Shares	\$0.4m in new fully paid ordinary OTOC shares to be issued at completion 2.2m shares to be issued based on 30-day pre-announcement VWAP of \$0.18 - Shares subject to a voluntary escrow period of 24 months
Purchase price: Performance payments	- Performance payments of up to \$0.6m over two years - Performance payment = \$0.1m + (EBITDA - \$0.8m), if EBITDA is at least \$0.8m - Maximum performance payment \$0.3m in any performance period - The first performance period is expected to commence in April 2016
Net Adjustment	- A Net Adjustment will be paid (refunded) based on the following calculation - Net Adjustment = Cash + Debtors – Liabilities – Employee Entitlements
Employment contracts	Vendors will enter into employment contracts with a minimum term of two years, option to renew for further two years, and a restraint period of four years
Completion	Expected to complete in coming weeks subject to satisfaction of conditions precedent
Conditions precedent	- Completion of due diligence - Execution of key employment contracts - All necessary consents and approvals - No material adverse change

Strategic Rationale

This acquisition is consistent with OTOC's strategy of creating a premium national Surveying, Town Planning and Urban Design business:

- ✓ **Expansion** premium entry into Sydney's fragmented surveying market
- ✓ **Clients** blue-chip property developers that complement OTOC's national client base
- ✓ **Financial** demonstrated track record of financial performance
- ✓ **Management** experienced management team aligned to future performance
- ✓ **Synergies** integrated service offering for national property developers
- ✓ **Outlook** ongoing growth in residential development, benefiting from greater density and multi-level developments in and around the CBD and eastern suburbs

Commenting on the Acquisition, OTOC CEO Simon Thomas said:

“The acquisition of Linker follows a strong first half for the OTOC Group and furthers our key strategic goal of establishing a presence in the Sydney land surveying market. Linker is a quality surveying business with an excellent reputation, strong track record and sound client base in its chosen markets. Linker is a perfect addition to the OTOC Group and I look forward to working with their team.”

Linker Directors Mark Andrew and Tasy Moraitis said:

“Linker’s long-term history and reputation demanded that we carefully evaluate this combination with OTOC. We are excited by the opportunity to partner with OTOC in its national strategy and believe it will offer significant value to our clients and staff. Through our access to OTOC’s national client network, specialist surveying equipment and financial resources, we will continue to offer a superior level of client service and have increased resources to target new growth opportunities.”

- Ends -

About OTOC

OTOC offers surveying, planning and design services throughout Australasia. A leading provider of professional consulting and innovative spatial solutions, OTOC delivers quality service to clients across a range of industry sectors.

OTOC Australia, OTOC’s Infrastructure division provides infrastructure construction and maintenance services to clients covering renewable energy, government, resources, utilities and remote areas.

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