



ASX Announcement
22 November 2017

NEW FUNDING SECURED AND BOARD CHANGES

HIGHLIGHTS

- **Convertible Loan Facility of up to \$1M secured from sophisticated investor consortium**
- **Consortium includes integrated real estate and financial services company Ausnet (ASX: AU1) opening up potential synergies with the Company's real estate businesses**
- **\$500,000 to be made available immediately to support near term business objectives**
- **New board representation to accelerate value proposition with Ausnet and support the Company's technology business with industry expertise**
- **Update on sale of Rent Roll business**

ServTech Global Holdings Limited (ASX: SVT) ('ServTech' or 'the Company') is pleased to provide this strategic update on the business, and to announce a cornerstone investment transaction that will deliver immediate benefits to ServTech including synergies for the Company's real estate and technology businesses.

Cornerstone Investment

The Company has entered into a binding convertible loan facility agreement with Servnote Holding Pty Ltd (**Servnote**), a private consortium, to initially invest \$500,000 cash into the Company. Ausnet Financial Services Limited (ASX: AU1) (**Ausnet**) has made an indirect investment in ServTech, as part of the Servnote Consortium.

Servnote has the right, at its discretion, to increase the investment by an additional \$500,000 for a total amount of \$1m.

The Company expects to receive the initial \$500,000 on or about 24 November 2017.

The key terms of the convertible note are:

- Conversion price the lower of \$0.02 and 80% of the VWAP (Volume Weighted Average Price) for shares in 5 days prior to conversion
- 6 month maturity date
- Conversion of the convertible loan facility into shares is subject to shareholder approval
- 10% p.a. interest on value of funds advanced (which may be converted into shares at the noteholders election)
- Funds to be used for general working capital
- Secured by a fixed charged over the Company's assets

Further details of the convertible loan facility agreement will be provided in a notice of meeting seeking shareholder approval for the conversion of the notes to shares.



The entry of the Company into the convertible loan facility was one of the outcomes from a thorough and detailed strategic review of its business including its operating costs and cash burn. The impact of changing market conditions resulted in slower than expected revenue growth which resulted in an unacceptably high and unsustainable rate of cash burn. This, together with funds from the sale of the rent roll business falling substantially short of expectations, demanded the Company implement rapid cost cutting and consolidation initiatives. During that process the Company reviewed a number of potential options for urgent cash injection and the Servnote Holding Pty Ltd convertible note provides the short-term funds and the potential commercial synergies to establish a sound pathway to profitability.

Via the ServNote consortium, Ausnet has agreed to actively oversee an ongoing strategic review of the business plan and technology associated with Sell Lease Property, plus assist with growth strategies and national rollout, identify and implement strategic synergies with its associated companies, where appropriate as well as provide the Company with significant management and marketing expertise.

The opportunity for the Company to enter into a strategic relationship with Ausnet (detailed below) coupled with the immediate cash requirements is something the Board believes is in the best interests of shareholders and stakeholders alike. Existing key shareholders are supportive of this pathway.

Ausnet Strategic Relationship

As part of the cornerstone investment, the Company has the opportunity to enter into a strategic relationship with one of Australia's fastest growing real estate companies, Ausnet. Ausnet will be a noteholder under the convertible note agreement.

The Company will seek to formalise the strategic relationship with Ausnet following a review of the significant synergies between the two businesses. There is potential for significant efficiencies to be created between Ausnet's real estate and financial services business and Sell Lease Property Ltd (a subsidiary of ServTech).

The potential partnership with Ausnet allows ServTech to focus on its core business of developing and commercialising software and technology services aimed at reducing administrative and back office functions for small to medium sized businesses. This focus is consistent with the Company's strategy of achieving sustainable growth through the development of business technology software services for a range of industries from real estate, property management, automotive supplies, mortgage brokering, legal, conveyancing, petrol station & convenience stores.

Commenting on the strategic cornerstone investment, ServTech managing director Brett Quinn said, *"ServTech Global is a business technology company that needs to innovate and respond to changing market conditions and opportunities. Our real estate business has matured and this creates opportunities for us to partner with a company like Ausnet to help grow this part of our business and leverage Ausnet's expertise in the residential and commercial property sector, to create further growth opportunities. We see this as a strategic partnership which can deliver benefits to both companies. Our focus is to continue to develop our core business technology and seek out opportunities for growth through industry diversification and geographic expansion."*



Board Restructuring

As a consequence of the cornerstone investment, and in anticipation of a mutually beneficial partnership between Ausnet and ServTech, the composition of the Board of ServTech has changed. The Board considers it important that a new Board representing the cornerstone investment be allowed the opportunity to prosecute its strategic intent and therefore the current Non-Executive Directors, the Non-Executive Chairman and the Company Secretary have resigned effective today and Mr Bert Mondello and Mr Gianmarco Orgnoni have been appointed Non-Executive Directors. The new directors bring significant experience in the corporate and technology sectors further enabling ServTech in its core software and technology services business. In addition, current CEO and MD of ServTech, Mr Brett Quinn, will remain in his current position and Mr Derek Hall has been appointed as Company Secretary.

Bert Mondello (Non-Executive Chairman)

Mr Mondello is a seasoned tech sector executive and non-executive director with more than 20 years' experience across both the private and public sectors. As an executive, Mr Mondello has substantial capital markets experience and knowledge of equity markets having participated in company restructures, IPOs, RTOs, investor placements and seed raisings.

With experience spanning the retail and institutional sectors and extensive knowledge of marketing communications and investor relations, Mr Mondello has provided strategic corporate advice to a number of organisations across multiple industries.

Across his career, including as CEO of ZipTel Limited (ASX: ZIP), Mr Mondello has been pivotal in challenging the status quo with innovation in new technologies across a myriad of products and offerings.

Mr Mondello is currently a Non-Executive Director of ZipTel Ltd, Weststar Industrial Ltd (ASX: WSI) and holds a Bachelor of Laws from The University of Notre Dame, Australia.

Gianmarco Orgnoni (Non-Executive Director)

Mr Orgnoni has skills extending across corporate finance, investment banking and research analysis.

He has gained extensive experience working across the private and public sectors, in particular offering corporate advisory services and corporate finance analysis for various private and publicly listed companies. He has provided key strategic advice across several M&A transactions, RTOs and IPOs locally and abroad.

With significant commercial experience across European and Australian private and capital markets, he has worked closely with and has provided adversarial services to a number of companies spanning from civil engineering, education, technology, bio technology and real estate.

Mr Orgnoni holds a Bachelor Degree in Economics and Business Administration from the Catholic University of the Sacred Heart of Milan, Italy.



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Sale of Rent Roll business

ServTech announced on 15th September 2017 that it has sold its Rent Roll business for approximately \$1.5 million.

Subsequent to the announcement, the transfer of ownership of the various properties under management by the Rent Roll business has fallen well short of expectations, with an extraordinary proportion of property owners deciding not to sign transfer agreements that would have generated income for ServTech.

To date, approximately 50% from the gross sale price has been realised as cash or receivables, of which 80% is paid immediately and the remaining 20% is due to be paid in March 2018. The funds received from the sale of the Rent Roll business will be sufficient to pay out all remaining bank debts within the Rent Roll business, leaving the Company debt-free and with a substantially reduced cash burn rate.

Managing Director, Brett Quinn said; *“The objectives of the sale of the Rent Roll business were to reduce operating costs and ensure the business was debt-free. These objectives will be met. However, combined with slower than expected revenue growth to meet the company’s cash flow requirements and the fact that we received far less income than we anticipated for the rent roll sale resulted in an urgent need to reassess our capital requirements and pursue commercial options to address that issue.*

The Company is not aware of any reason why the ASX would not allow trading in its securities to recommence immediately.

ENDS

Further information:

Brett Quinn

Managing Director/CEO

Tel: +61 (0) 487 048 776