

**ASX Announcement**  
**28 February 2017**

## **HALF YEARLY SUMMARY**

- **51% improvement on previous six month results**
- **Rapidly expanding East Coast operations with Licence Agreement and Option to acquire Top Level Real Estate Pty Ltd**
- **On target for Ausnet revenue FY2017 ~30% growth year-on-year**
- **The value of agency settlements has increased 60 % from previous 6 months (excludes East Coast)**
- **Gross commissions have increased 105% from previous 6 months (excludes East Coast)**
- **Number of listings grown by 30% from previous 6 months (excludes East Coast)**

Ausnet Financial Services Limited (AU1.ASX) today released its Interim Financial Report to the Australian Securities Exchange (and is attached herewith).

The results announced remain fully in line with management expectations and market guidance. Further commentary is provided below.

Summaries of each of the financial statements follow:

Note that in the half year to December 31, 2016 the Company only operated as Ausnet Financial Services Limited from December 16 to December 31, 2016. Ausnet Real Estate Services Pty Ltd as the deemed acquirer for accounting purposes, accordingly, the consolidated financial statements of Ausnet Financial Services Limited have been prepared as a continuation of the financial statements of Ausnet Real Estate Services Pty Ltd and therefore reflects 6 months of operational performance.

During this period, the Company delivered a 31 December 2016 loss before tax of \$1,966,290 (Dec 2015: \$1,085,701 loss), representing a decline in profitability. However, included in the half-year results was an acquisition cost of acquiring Ausnet Financial Services Limited, formerly Namibian Copper Limited, (Corporate Transaction Accounting Expense) of \$1,439,297 which is a result of the reverse acquisition transaction as detailed in Note 3. If you exclude this cost, the results of the Consolidated Entity was a loss before tax of \$526,993, representing a 51% improvement in the results from the corresponding 6 months.

The net assets of the Consolidated Entity have increased from 30 June 2016 by \$5,606,747 to \$4,176,267 at 31 December 2016 (June 2016: \$(1,430,480)).

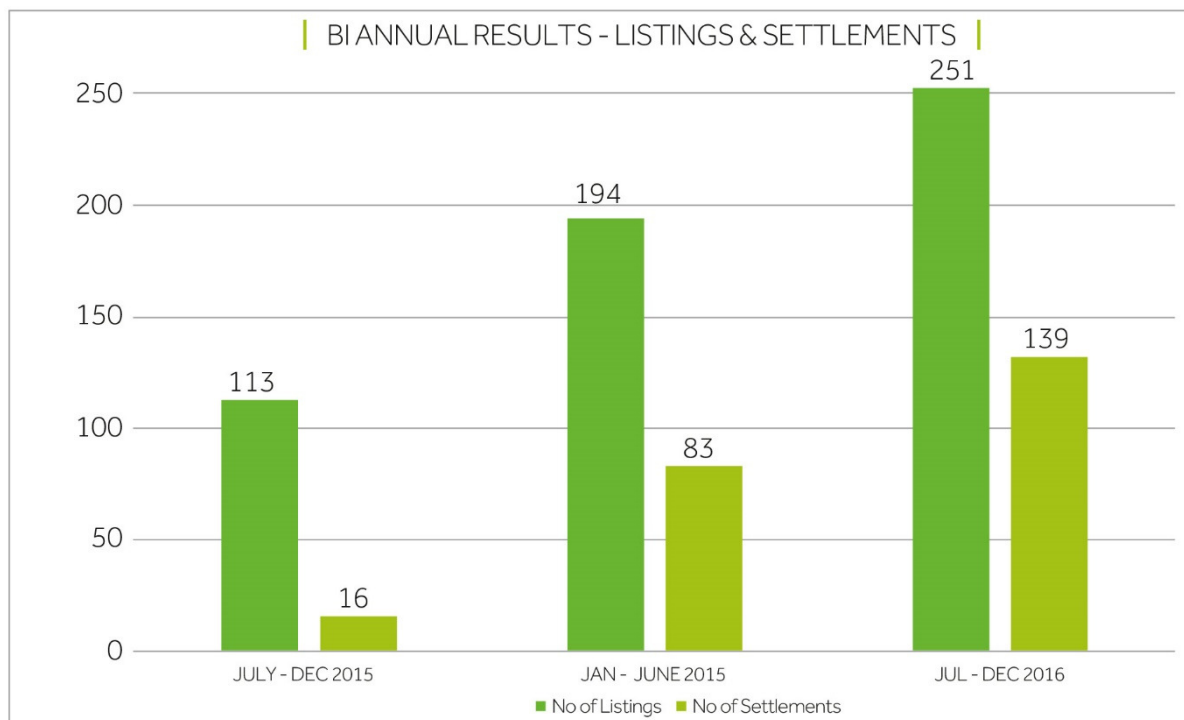
As at 31 December 2016, the Consolidated Entity's cash and cash equivalents increased from 30 June 2016 by \$5,625,106 to \$5,779,084 at 31 December 2016 (June 2016: \$153,978) and had a working capital surplus of \$3,745,941 (June 2016: \$(1,705,543) working capital deficit).

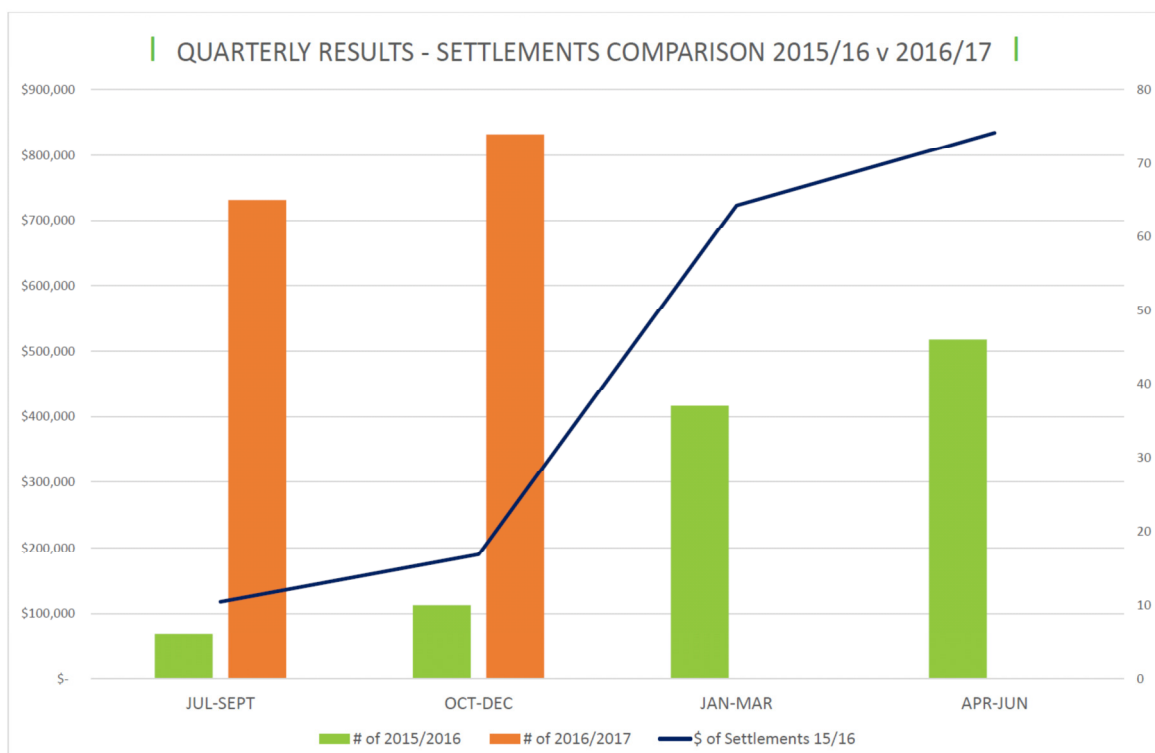
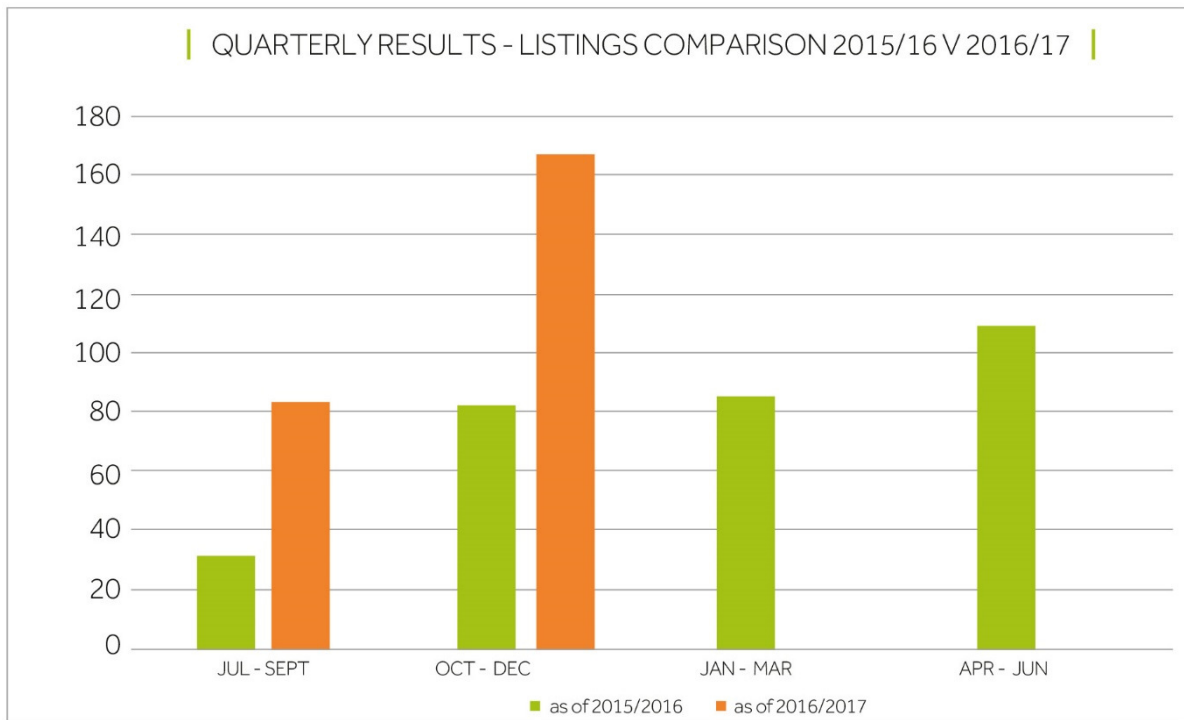
The graphs below highlight The Agency's proven business model. There has been a significant increase in WA settlements in 2016/17 compared to the previous six-month period. For the December HY2016, there were 139 settlements (a 67% increase on the 83 settlements for June HY2016).

The value of WA settlements has increased significantly to \$97.5 million in December HY2016 (60% increase on \$61.3 million in June HY2016). This represents 105% increase in gross commission to \$3.8 million in December HY2016 (\$1.9 million in June HY2016).

The number of WA listings has grown 30% to 251 listings during the December HY2016 (194 listings in June HY2016).

**Tables**





### *Recent highlights*

- Rapidly expanding East Coast operations with Licence Agreement and Option to acquire Top Level Real Estate Pty Ltd, an eastern seaboard real estate business
- Recent sale of three properties in Sydney's exclusive Eastern Suburbs for a combined value of over \$8 million and in addition the auction of 6 properties with a value of over \$10m
- Listing Valuation - \$5.6m EV only takes into account ~\$1.1 billion loan book valuation of \$4m
- Referral rates exceeding budget + 6x higher than industry average
- Strong organic and acquisition growth

### *The Agency - East Coast Expansion*

- Ausnet has entered into a Licence Agreement and Option to Acquire Top Level Real Estate Pty Ltd.
- Following transaction, The Agency will have 72 highly experienced sales agents nationally (including 32 in WA)
- Top Level to be licenced under The Agency brand in NSW, QLD and VIC.
- Top Level - fast growing eastern seaboard real estate business consists of:
  - 17 highly experienced agents including Matt Lahood (CEO), Steven Chen (Director of Projects) and Maria Carlino (Director of Property Management)
  - Acquiring two established real estate sales and property management businesses
  - Seeking to expand by a further 23 agents with approx. 3,700 properties under management
- Ausnet has option to acquire 100% of issued capital of Top Level at any time in next 12 months in exchange for fully paid ordinary shares in Ausnet and performance shares that will convert into shares upon achievement of certain milestones by Top Level.
- Targeting ~600 sales representatives nationally of which ~100 located in WA.
- Each sales representative that joins not only adds sales activities but also on average bring in a database of ~2,000 clients.

### *Compelling reasons to invest in Ausnet*

- Ausnet serves a large and fragmented market – Australian investors in property and small business worth approx. \$7.52bn of non-risk intermediary fees
- Ausnet has four sources of sustainable differentiation
  - Market segmentation – combined Property and SME finance
  - Strategic positioning – Integrated Financial Services and real estate
  - Operational – Cloud-based digital PaaS Platform combined with referral partners. Low cost operations scalable nationally
  - Multi asset class advice – Cross referral sales and rich databases will result in underlying value through multiple assets such as:
    - loan book
    - rent roll
    - insurance book

- general insurance book
- risk insurance

providing recurrent income.

#### *Proven business model*

- In the last 18 months, we invested and created a disruptive and integrated business that efficiently delivers a large range of relevant services to clients
- One of the most productive mortgage broking firms in the country
- Established a disruptive and profitable Real Estate business ready for national rollout
- Achieving 6x the industry average referral rate

#### *The Agency Results 15/16*

- \$4.3m in revenue as a start up in first 12 months
- On target for FY2017 ~30% growth year-on-year
- Achieved REIWA Top 30 Office status within 6 months
- 71% listing growth first 6 months to second

#### **Ends**

For more information, please contact:

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#### **About Ausnet**

Ausnet consists of a group of successful businesses which deliver finance broking, real estate services, settlement services, property management (2017), project marketing, insurance and financial planning initially to the Western Australian market with an aim to be rolled out nationally.

This model has been created to build the core asset being a loan book currently at approximately \$1.1 billion by cross referring clients between business units. The largest growing referral area has been built on a highly successful and disruptive real estate agency model named "The Agency" which currently has 30 agents. The agents have been referring approximately 60% of all sales for financing broking.



Ausnet is aiming to recruit approximately 100 sales representatives to “The Agency” in Western Australia that will eventually deliver over 1,000 property transactions per year with the aim of converting into cross sales for mortgages, settlements and insurance. Each sales representative that joins Ausnet not only add sales activities but also on average bring in a database of approximately 2,000 clients. Ausnet’s target is to have approximately 600 sales representatives nationally.

The Company is also backed by Finsure Group, one of Australia's fastest growing retail finance brokerages writing over \$1 billion in new mortgages every month across 850 brokers.