

## **ASX ANNOUNCEMENT**

**28 MARCH 2017**

### **SUCCESSFUL WA-BASED REAL ESTATE FIRM TO JOIN AUSNET**

Disruptive real estate and financial services company Ausnet Financial Services Limited (ASX: AU1) ("Ausnet" or "the Company") is further expanding its reach in Western Australia with the acquisition of highly successful Mount Lawley market leader real estate agency, Beaufort Realty.

Ausnet's wholly-owned subsidiary, Ausnet Real Estate Services Pty Ltd ("Ausnet RE"), has entered into a Share Sale Agreement to acquire all of the issued shares in Beaufort Realty Pty Ltd ("Beaufort Realty") from the shareholders of Beaufort Realty – Jonathan Adams and Pamela Herron, Christine Kirkness and Dosta Buckovska ("Sellers") on certain terms and conditions ("Transaction").

Under the new ownership structure, the well-established Beaufort Realty name and brand will continue unchanged, as will the management structure of the agency.

Completion of the Transaction will increase the number of sales agents employed by Ausnet under its disruptive real estate agency model named "The Agency" in Western Australia to 35 staff and 17 nationally.

Established in January 2009, Beaufort Realty not only services Mount Lawley but also has a strong presence in the surrounding suburbs of North Perth, Inglewood, Highgate, Maylands and Yokine.

Founders Pam Herron, Jon Adams and Christine Kirkness – who all still work in the agency – sought to combine old fashioned values with a modern approach to business. Beaufort Realty's four partners (including selling director Donna Buckovska who bought shares five years ago) have a combined 120 years' experience working in Perth's inner suburbs.

Beaufort Realty has a strong market share in Mount Lawley, consistently rating in the top three local agents according to realestate.com.au. The business has 14 staff including five in sales, five in property management and four in administration.

"When we started the business, Mount Lawley had several franchise businesses but few independent boutique agencies," said Director and Licensee Pam Herron.

"We normally carry around 30-40 listings at any one time, and sales over the past year were very similar to 2015, despite a general softening of the Perth market."

Ausnet Managing Director Paul Niardone said the acquisition fitted well with Ausnet's expansion plans.

“Beaufort Realty is an excellent agency with great growth potential, having established a strong presence and reputation within the Beaufort Street precinct, Mount Lawley and the surrounding suburbs,” he said.

“Our view is that these inner city suburbs will continue to attract strong buyer interest as they offer unique housing stock, excellent proximity to the city and unrivalled lifestyle choices given the stand-out restaurants, cafes, shops, schools, sporting, community and transport facilities.

“Beaufort Realty has an excellent property management team. The business will add approximately 400 property managements that will form the core of The Agency property management division.

“We warmly welcome the Beaufort Realty team to the Ausnet family, and look forward to working with them to support their continued growth.”

The key terms of the Transaction have been documented in the Share Sale Agreement (“SSA”) executed today. The key terms of the acquisition are set out below.

Purchase price:

- Acquisition purchase price is \$2.56 million cash, to be adjusted for actual management fees and liabilities calculated as at the completion date of 31 March 2017.

Material conditions precedent to completion of the Transaction:

- Ausnet RE being satisfied that the accounts provided by Beaufort Realty are consistent with the management accounts for the period prior to the execution date and the budget of Beaufort Realty.
- Ausnet obtaining all necessary regulatory approvals or waivers pursuant to the ASX Listing Rules, Corporations Act or any other law to allow Ausnet RE to lawfully complete the requirements of the SSA.
- The Sellers providing to Ausnet RE with satisfactory evidence that all indebtedness and financial accommodation, excluding trade creditors, of Beaufort Realty incurred in the ordinary course of the business is extinguished.
- As at the completion date, Beaufort Realty holding all approvals, consents, licences, leases and any other contracts or assets necessary for the conduct of the business.
- All consents, approvals and waivers to the sale and transfer of the sale shares.
- All assets which are necessary to enable Beaufort Realty to carry on its business being owned by Beaufort Realty and free from all security interests.
- Ausnet RE carrying out its due diligence investigations of Beaufort Realty and being satisfied in its absolute discretion with those investigations.
- No event, matter, act, omission, circumstance or thing has occurred that constitutes or may constitute a material adverse change having taken place on or before the completion date.

The Sellers must use reasonable endeavours to procure the satisfaction of the conditions precedent as expeditiously. If the conditions precedent are not satisfied or waived by the end date then Ausnet can terminate the SSA and if the conditions precedent are not satisfied or

waived on or before the completion date, the completion date shall automatically be extended by seven days.

Timetable for Transaction:

As noted above, the parties executed the SSA today and are working towards completing the Transaction on 31 March 2017.

**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 ~\$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”. The agents have been referring ~60% of all sales for financing broking.

Ausnet is aiming to recruit ~100 sales representatives to “The Agency” in Western Australia that will eventually deliver over 1000 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 ~2000 clients. Ausnet’s target is to have ~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.

For more information, please contact:

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