

REAL ESTATE  
FINANCE  
SETTLEMENT  
INSURANCE

# ASX MARKET RELEASE

12 February 2018

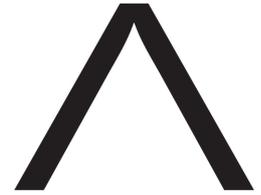
## THE AGENCY EXERCISES OPTION TO ACQUIRE TOP LEVEL REAL ESTATE PTY LTD

*Australia's two leading disruptive, fast growing real estate agencies become one*

- The Agency Group Australia Ltd (formerly “Ausnet Financial Services Ltd”) has entered into, and exercised, an Amended and Restated Option Agreement to acquire all Top Level shares held by the majority shareholders in Top Level Real Estate Pty Ltd (and offer to acquire all other Top Level shares from those shareholders other than the majority shareholders) for total consideration of 550 million shares.
- Majority shareholders of Top Level Pty Ltd have agreed to enter into voluntary escrow of 24 months on shares to be issued under transaction
- Significant efficiencies to be realised immediately by having two businesses operate under one ownership structure.
- The Agency Group Australia Ltd to benefit from Top Level Real Estate Pty Ltd’s significant East Coast growth, with that company achieving the following since launching in March 2017<sup>1</sup>:
  - 75 high-quality real estate agents recruited;
  - 27 agents confirmed to start;
  - 9 office locations with 3 proposed new locations;
  - \$480 million total sales;
  - \$7.2 million commissions;
  - 267 settlements; and
  - 3,375 property managements.

<sup>1</sup>  
As at 31st December 2017 (first 9 months).

HEAD OFFICE 68 Milligan Street PERTH WA 6000  
08 9204 7955 theagencygroup.com.au ABN 52 118 913 232



REAL ESTATE  
FINANCE  
SETTLEMENT  
INSURANCE

- **As part of the amended transaction, The Agency Group Australia Ltd to conduct:**
  - a 1:25 share consolidation; and
  - a minimum \$10 million capital raising.
- **Top Level CEO Matt Lahood to be appointed as an executive director of The Agency Group Australia Ltd, with a Top Level nominated non-executive director to be appointed to The Agency Group Australia board.**
- **Completion of acquisition, and addition of a highly experienced east coast real estate sales and project marketing team, significant property management portfolio and extensive sales pipeline, will fast-track The Agency Group strategy of rapidly becoming a highly profitable disruptive high-growth real estate business.**
- **All share consideration aligns parties to achieving sustainable shareholder value.**

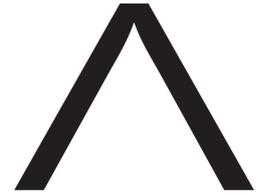
Leading disruptive, high-growth real estate agency The Agency Group Australia Ltd (ASX: AU1) (“The Agency” or “the Company” or “AU1”), formerly Ausnet Financial Services Ltd, is pleased to confirm its wholly owned subsidiary Ausnet Real Estate Services Pty Ltd, has entered into, and excised, an Amended and Restated Option Agreement with Aura Principal Investments Pty Ltd (“Aura”), Daring Investments Pty. Ltd. (“Daring Investments”), Teldar Real Estate Pty Ltd, MAK Property Group Pty Ltd, SEMC2 Pty Ltd and Ben Collier Investments Pty Ltd (“Majority Shareholders”) for an exclusive option to acquire all of the Majority Shareholders’ shares in Top Level Real Estate Pty Ltd (“Top Level”) (“Amended and Restated Option Agreement”) replacing the Option Agreement previously announced on 30 January 2017.

Under the Amended and Restated Option Agreement, The Agency was granted an exclusive option to acquire all of the Top Level shares held by the Majority Shareholders on or before 20 February 2018.

It is a condition precedent of settlement of the acquisition that a separate offer be made to all other shareholders of Top Level and accepted by all of those shareholders and that the Top Level shares that Daring Investments, in which The Agency Director Mr John Kolenda holds 50% shareholding in (and directorship of), transfer its Top Level shares to two of the other Majority Shareholders.

Commenting on the acquisition, The Agency Group Australia Ltd Managing Director Mr Paul Niardone said, *“This transaction provides an exciting opportunity for The Agency, its staff and shareholders, and further cements our position as the fastest growing disruptive real estate group in the country.”*

HEAD OFFICE 68 Milligan Street PERTH WA 6000  
08 9204 7955 theagencygroup.com.au ABN 52 118 913 232



REAL ESTATE  
FINANCE  
SETTLEMENT  
INSURANCE

*“Top Level, which has been trading as ‘The Agency’ on the east coast of Australia since launching in March this year, has established, with our support, a significant business in a short period of time, surpassing our recruitment and sales targets.*

*Since commencing operations Top Level has achieved the following<sup>2</sup>:*

- 75 high-quality real estate agents recruited;
- A further 27 agents confirmed to start;
- Expanded to 9 office locations, with 3 proposed new locations;
- \$480 million total sales;
- \$7.2 million commissions;
- 267 settlements; and
- 3,375 property managements.

*“Integration of these two businesses makes perfect sense, since both parties will be able to capitalise on the continuing success of The Agency brand, the rollout of the Sell Lease Property Brand while fully realising the efficiency benefits of working under the one ownership structure, Mr Niardone added.*

*Importantly, Mr Niardone also believes the revised acquisition structure which will see the total number of shares to be issued reduced by 416 million shares, removes a significant ‘overhang’ that would have existed under the original transaction structure.*

*“The removal of this overhang has been viewed positively in our discussions with corporate advisers and institutions,” he said.*

*“This is a good outcome for both existing Agency Group shareholders and Top Level shareholders, and ensures both groups are aligned to achieving sustainable shareholder value.*

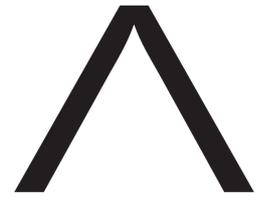
*“Integration of these two businesses makes perfect sense, since both parties will be able to capitalise on the continuing success of The Agency brand, the rollout of the Sell Lease Property Brand while fully realising the efficiency benefits of working under the one ownership structure,” Mr Niardone concluded.*

*On completion of both the Top Level transaction and the proposed transaction with ServTech Global Holdings Ltd (ASX: SVT) (refer ASX announcement dated 14 December 2017) There Agency Group will be the only national real estate company to have two national brands in the Australian market - replicating a strategy that has proven very effective in both the US and UK real estate markets..*

<sup>2</sup>

As at 31st December 2017 (first 9 months).

HEAD OFFICE 68 Milligan Street PERTH WA 6000  
08 9204 7955 theagencygroup.com.au ABN 52 118 913 232



REAL ESTATE  
FINANCE  
SETTLEMENT  
INSURANCE

Top Level CEO Matt Lahood, who will become an Executive Director of The Agency Group, believes that by formally joining The Agency Group Australia, the Top Level team can significantly enhance and fast track its already impressive east coast offering and results to the benefit of the enlarged business.

*“We are thrilled to be merging with The Agency Group Australia to become Australia’s leading disruptive, high growth real estate agency,” he said.*

*“In only nine short months of launching, the Top Level business has grown to nine offices on the East Coast, 75 high quality agents, \$480 million total sales, \$7.2 million commissions, 267 settlements and 3,375 property managements - exceeding our own recruitment and sales targets.*

*“I am highly confident this agreement will provide us with great scale and will create great leverage with our clients nationally.”*

In January 2017, The Agency announced it had entered into License Agreement and Option to acquire Top Level at any time on or before 30 January 2018.

Under the License Agreement, Top Level has had the right to use ‘The Agency’ brand and intellectual property on Australia’s east coast.

Currently, The Agency’s East Coast offices include Melbourne, Gold Coast, Bondi Beach, Bondi Junction, Coogee, Neutral Bay, Mosman and Annandale, with proposed new locations in Adelaide and Brisbane.

Combined, The Agency’s East Coast and West Coast would consist 131 real estate agents, approximately 114 staff, 4,000 property managements. It has generated \$31 million revenue so far in 2017<sup>2</sup>.

### **Consideration**

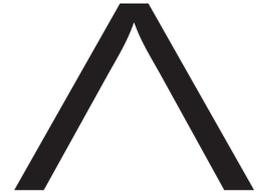
Consideration for the acquisition of all issued capital in Top Level is 550 million fully paid ordinary shares in The Agency to be issued amongst all Top Level shareholders.

### **Consolidation and Capital Raising**

As part of the conditions precedent to the acquisition, The Agency will be undertaking the following corporate activities:

- A consolidation of The Agency’s issued capital on a 1 for 25 basis (i.e. the 639,229,412 shares currently on issue to be consolidated to 25,569,176 shares on issue – based on the shares on issue as at 30 January 2018).

HEAD OFFICE 68 Milligan Street PERTH WA 6000  
08 9204 7955 theagencygroup.com.au ABN 52 118 913 232



REAL ESTATE  
FINANCE  
SETTLEMENT  
INSURANCE

- The Agency to launch a placement (on a pre-consolidation basis) to raise a minimum of A\$10 million in gross proceeds through the issue of fully paid ordinary shares at an issue price of \$0.02 per share to ensure the acquisition is funded.

### ***Indicative capital structure***

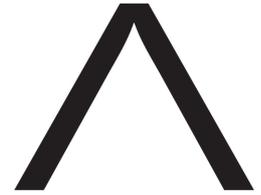
An indicative capital structure setting out the effect of the Top Level transaction and consolidation is set out below. The final number of shares on issue is subject to change, depending on the final amount raised under the capital raising.

	Shares	Quoted Options <sup>1</sup>	Unquoted Options <sup>2</sup>	Performance Shares
<b>Current issued capital</b>	737,793,034 <sup>3</sup>	24,076,072	260,742,739	113,333,334 <sup>4</sup>
<b>Securities to be issued as consideration for the Acquisition</b>	550,000,000	Nil	Nil	Nil
Securities to be issued as part of the Capital Raising	500,000,000	Nil	Nil	Nil
<b>Total on <u>Pre-Consolidation</u> basis</b>	<b>1,787,793,034</b>	<b>24,076,072</b>	<b>260,742,739</b>	<b>113,333,334</b>
<b>Total on a <u>Post-Consolidation</u> basis (25:1)</b>	<b>71,511,721</b>	<b>963,043</b>	<b>10,429,710</b>	<b>4,533,333</b>

### **Notes:**

1. Exercisable at \$0.15 per option on or before 30 April 2019.

HEAD OFFICE 68 Milligan Street PERTH WA 6000  
08 9204 7955 theagencygroup.com.au ABN 52 118 913 232



REAL ESTATE  
FINANCE  
SETTLEMENT  
INSURANCE

2. 5,000,000 options exercisable at \$0.15 per option on or before 30 April 2019, 51,666,667 options exercisable at \$0.04 per option on or before 19 December 2019, 150,000,000 options exercisable at \$0.02 per option on or before 2 years from the date of issue, 2,000,000 options exercisable at \$0.04 per option on or before 3 years from the date of issue, 8,000,000 options exercisable at \$0.025 per option on or before 3 years from the date of issue, and 20,000,000 options exercisable at \$0.025 on or before that date which is three years from the date of issue to be issued to Patersons Securities Limited (or nominees).
  3. Assumes the issue of 150,000,000 Shares the subject of the Company's prospectus dated 14 December 2017.
- 66,666,667 performance shares issued to vendors of Ausnet Real Estate Services Pty Ltd and 46,666,667 performance shares issued to current directors as part of the acquisition of Ausnet Real Estate Services Pty Ltd.

### **Board and Management**

Upon completion of the acquisition, Matt Lahood will join the board of The Agency Group Australia Ltd as an Executive Director. Mr Lahood has more than 30 years in real estate sales and more than 2,000 property sales worth over \$2 billion.

In addition, a Top Level nominated non-executive director will also be appointed to the board of The Agency Group Australia Ltd upon settlement of the acquisition.

### **Shareholder Approvals**

Various shareholder approvals will be required to approve the matters contemplated by the Amended and Restated Option Agreement – for example, the issue of the 550,000,000 shares to be issued as consideration to the Top Level shareholders, the issue of the shares the subject of the capital raising and the proposed consolidation.

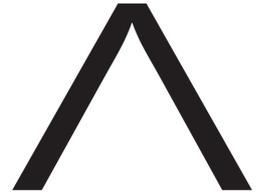
Shareholders will receive a Notice of Meeting setting out the various resolutions relating to the acquisition. A detailed explanatory statement will accompany the Notice of Meeting and will be distributed to all shareholders prior to the meeting.

### ***Application of Chapter 11 of the ASX Listing Rules***

Based on submissions made to ASX, and advice from the Company that voluntary escrow of 24 months would be applied to the Company shares to be issued to the Majority Shareholders as consideration for their Top Level Shares, ASX has confirmed that the Company must comply with Listing Rule 11.1.2 and seek shareholder approval for the Top Level transaction.

The Company has been advised that it should consult with ASX in the event that the proposed consideration for the Top Level transaction changes or the Company proposes to enter into any transactions in the next 12 months or the Company proposes to conduct any further capital raisings within the next 12 months, so that ASX may consider the application of Listing Rule 11.1, and in

HEAD OFFICE 68 Milligan Street PERTH WA 6000  
08 9204 7955 theagencygroup.com.au ABN 52 118 913 232



REAL ESTATE  
FINANCE  
SETTLEMENT  
INSURANCE

particular Listing Rule 11.1.3. ASX has considered Listing Rules 11.1.2 and 11.1.3 only and makes no statement as to the Company's compliance with other Listing Rules.

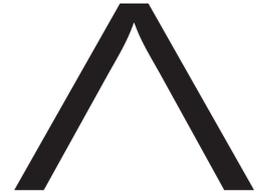
### Conditions Precedent

Following the exercise of the option, settlement of the acquisition of all of the shares in Top Level is conditional upon, and subject to, a number of conditions as follows:

- **Independent Expert's Report:** any independent expert's report prepared for the purpose of shareholder approvals concluding that the transactions contemplated by the Amended and Restated Option Agreement are either fair and reasonable or not fair but reasonable to the non-associated AU1 shareholders;
- **Regulatory Approvals:** The Agency obtaining all necessary regulatory approvals or waivers pursuant to the ASX Listing Rules, Corporations Act or any other law to allow The Agency to lawfully complete the matters set out in the Amended and Restated Option Agreement;
- **Minority Shareholder Offer:** A separate offer, under a more short form agreement such as a share transfer form ("Minority Shareholder Offer") being made and all shareholders in Top Level (other than the Majority Shareholders) accepting the Minority Shareholder Offer;
- **Capital Raising:** The Agency completing a capital raising (on a pre-Consolidation basis) of no less than \$10 million via the issue of shares at an issue price of \$0.02 per share;
- **New Board members:**
  - Matt Lahood entering into an executive services agreement with AU1 and consenting to act as an executive director of AU1; and
  - the appointment by the board of AU1 of an additional, non-executive director nominated by Top Level prior to Settlement;
- **Top Level debt:** immediately prior to Settlement, the total debts of Top Level are no more than as agreed between the parties;
- **Convertible loan agreements:** execution by each of the Majority Shareholders (other than Aura and Daring Investments) Top Level and AU1 of a convertible loan agreement in agreed form (the "Convertible Loan Agreement") pursuant to which, subject to settlement of the acquisition, those Majority Shareholders assign the benefit of the debt currently owed by Top Level to AU1 in consideration for the issue by AU1 of new convertible notes on a dollar-for-dollar basis;
- **Transfer of Daring Investments' Top Level shares:** Daring Investments transferring a portion of its Top Level shares to two of the other Majority Shareholders; and

**Top Level loan agreement:** execution by Top Level and Daring Investments of a loan agreement in a form agreed by Top Level, Daring Investments, the Majority Shareholders and AU1 setting out the terms upon which the debt currently owed by Top Level to Daring Investments will be repaid.

HEAD OFFICE 68 Milligan Street PERTH WA 6000  
08 9204 7955 theagencygroup.com.au ABN 52 118 913 232



REAL ESTATE  
FINANCE  
SETTLEMENT  
INSURANCE

## Ends

For further information, please contact:

### Investors

Paul Niardone  
The Agency Group Australia Ltd  
E: pauln@theagencygroup.com.au

T: +61 08 9204 7955

### Media

David Tasker/ Colin Jacoby  
Chapter One Advisors  
E: dtasker@chapteroneadvisors.com.au  
cjacoby@chapteroneadvisors.com.au

T: +61 433 112 936 / +61 439 980 359

### About The Agency Group Australia Ltd

The Agency Group Australia Ltd 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.

The Agency Group Australia Ltd 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 adds 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 1300 brokers.

Corporate website: [www.ausnetrealestateservices.com.au](http://www.ausnetrealestateservices.com.au)

The Agency website: [www.theagency.com.au](http://www.theagency.com.au)

HEAD OFFICE 68 Milligan Street PERTH WA 6000  
08 9204 7955 theagencygroup.com.au ABN 52 118 913 232