



REAL ESTATE
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ASX MARKET RELEASE

30 April 2018

March Quarter 2018 Update Growth Is on Track

Highlights

The Agency (West Coast)

- The Agency Group (WA) – total revenue of \$10.6m YTD for March Quarter 2018, on target for approx. 40% growth year on year.
- The Agency WA (real estate commissions only) – revenue \$5.72m YTD for March Quarter 2018, on track for 100% year on year growth
- Successfully acquires and integrates Sell Lease Property (SLP) into the business during the quarter:
 - The Agency and SLP ranked #1 and #2 respectively by REIWA for top office in WA in for January, February and March 2018
 - The Agency and SLP combined would be ranked 4th in property value sold for March 2018 having combined sales of \$73.4m for the REIWA category of Franchise or marketing Groups.
- Opening of Melbourne office - Highly- experienced Inner Bayside sales agent Michael Paproth joins the new office located in prime inner suburb of Albert Park

March Quarter highlights

- Cash receipts for March were up 10% to \$4.2m, the remainder of the financial year will include a full quarter of SLP and is in line with our internal expectations
- Costs of goods sold was higher than previous quarter due to an increased repayment to ATO of approximately \$400k and make good on the old office premises of \$50k
- Increased legal and corporate costs around Top Level and SLP acquisitions of approximately \$130k
- Without these abnormal items, net cashflows from operating activities progressing to break even

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- Under investing activities, we have initial payments for the SLP acquisitions of approximately \$330k and office openings costs for the Gold Coast and Melbourne was \$332k

The Agency East Coast (Top Level Real Estate Pty Ltd)

- The Agency is focused primarily on pursuing a number of strategic acquisitions and finalising the settlement of the Top Level acquisition.
- Exceptional results – 90 agents recruited, total sales of \$695 million, total commissions of \$10.2 million and 380 settlements up to 31st March 2018

Corporate

- Negotiations progressing with a number of top-tier advisers to raise additional funds
- Will look to raise additional capital required to fund aggressive national expansion plans currently being reviewed
- Some twelve acquisition opportunities nationally being explored

The Agency Group Australia (ASX: AU1) (“The Agency” or “the Company”), is pleased to provide an update for the March Quarter 2018.

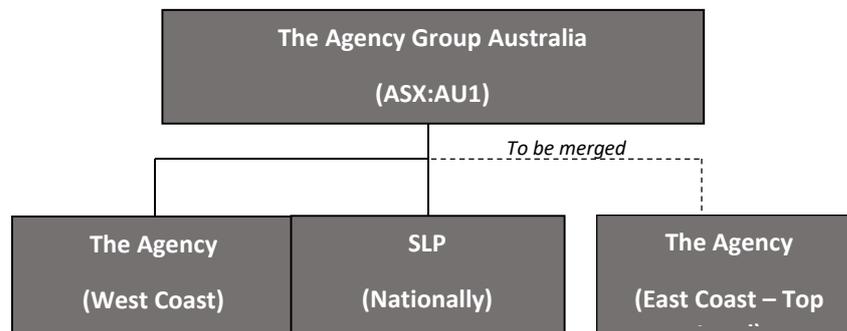
Pleasingly, the March Quarter further highlights The Agency is achieving its stated goal of being the fastest growing real estate brand nationally.

The Agency is witnessing significant benefits from the acquisition of Sell Lease Property (Western Australia) during the March Quarter and proposed acquisition of Top Level Real Estate (East Coast). These benefits are provided in the table below which shows key metrics of each of the entities (when merged) for March Quarter 2018:

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				Combined Total
Group Revenue	\$10.6m	\$0.2m	\$14.2m	\$25m
Recruited Agents	71	106	90	267
No. of Settlements	503	3	308	814
Property Mgmts	500	-	3381	3881
Loan Book	\$1.185b	-	-	\$1.185b

Please note: Unaudited figures / SLP revenue figures only for March 2018 / SLP – unconditional sales were 55 in 1st month post-merger / SLP agents nationally consists of 88 recruited agents in WA, 4 in Victoria and 14 in Queensland / The Agency East Coast figures for 11-month period from 1st April 2017.

National Expansion - Additional funding

The Agency is currently reviewing its funding requirements in light of opportunities being investigated. This includes the potential acquisition of leading real estate businesses across Australia in addition to Top Level which would provide the Company with a stronger sales presence in strong performing markets.

The Company is currently evaluating up to twelve potential opportunities from both a strategic perspective, which will increase its agent numbers and contribution to EBITDA.

In addition, by seeking additional funds as part of this capital raising, the Company will not need to go back to the market in the foreseeable future to raise additional capital to progress its acquisition strategy.

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Negotiations are currently taking place with a number of top-tier fundraisers in regard to a revised funding arrangement. The Company will provide an update to shareholders shortly on the outcome of these discussions.

Aggressive acquisition strategy

The Agency's acquisition strategy is to take advantage of a rapidly changing real estate market.

With both principals and agents under large franchise chains or independent models looking at moving away from these traditional models, agents are forcing change as they want far greater value for their efforts, higher revenue splits and a much broader value proposition in acknowledgement of their results.

Success of The Agency model is based on addressing the needs of the agents and providing them with the opportunities not currently offered in traditional real estate structures.

The Agency is disrupting the traditional model by reducing structural layers and focusing on the agent rather than the brand - providing a significant value proposition compared to the traditional model.

The significance of our model is highlighted by the large number of big-name real estate agents across the country who have been recruited by the Company along with transitioning Franchisees who are concerned by the threat to their businesses.

The Agency continues to receive enquiries from agents and real estate firms across Australia who are attracted to our model. The combined entity remains firmly on track for 300 recruited agents nationally by July 2018.

SLP Acquisition – Significant benefits being realised

While only providing one month of revenue since settlement of acquisition, Sell Lease Property has delivered strong results in only a short timeframe recording 55 unconditional sales and three settlements for the month of March 2018.

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In March 2018, The Agency and SLP in Western Australia ranked first and second respectively for top office in the state and in the top five as a marketing group in the state (REIWA Numbers) as has been the case in January and February. March figures as shown in the table below:

March 2018	WA Office ranking # of sales	Number of Sales	Value of Sales
The Agency	1 st	64	\$44.9m
SLP	2 nd	55	\$28.5m
Total Combined Group Sales	4th in \$ value, 6th in # of sales	119	\$73.4m
Top Group in WA Comparison		164	\$82.9m

The table also highlights that – as a combined group – the Company is closing in on claiming number one ranking in WA for number and value of sales when compared with the top groups in the state.

Meanwhile, the real estate division is firmly on target for FY2018 revenue growth of ~ 100% year-on-year in WA having already achieved last year's total Gross Commission in the first nine months of the year.

East Coast expansion gains momentum

Since inception in April 2017, The Agency East Coast (Top Level) has achieved exceptional results with total sales of \$695 million, total commissions of \$10.2 million and 380 settlements for the year up to 31st March 2018.

During the quarter, the Company assisted with expansion into the key market of Melbourne with the opening of a new office in the prime inner suburb of Albert Park.

Albert Park lies in a strategic location, only three kilometers south of Melbourne's central business district.

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Highly respected sales agent Michael Paproth joined the team in Melbourne, bringing significant experience to the office. A renowned leader within the real estate industry, Mr Paproth has been ranked as one of the top agents in the Port Phillip Bay area in Melbourne, specialising in the sale of prestige property and building market-leading real estate teams.

If you require further information, please contact:

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

The Agency Group Australia Limited

ABN

52 118 913 232

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,156	11,481
1.2 Payments for		
(a) research and development	-	(17)
(b) product manufacturing and operating costs	(2,600)	(5,669)
(c) advertising and marketing	(10)	(125)
(d) leased assets	(36)	(81)
(e) staff costs	(1,508)	(6,280)
(f) administration and corporate costs	(650)	(1,252)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(648)	(1,939)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(383)	(722)
(b) businesses (see item 10)	-	-
(c) investments	(370)	(420)
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other – Cash acquired on acquisition of businesses	-	-
2.6 Net cash from / (used in) investing activities	(753)	(1,142)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	1,920
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (over subscriptions share placement)	(16)	70
3.10 Net cash from / (used in) financing activities	(16)	1,990

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,529	2,203
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(648)	(1,939)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(753)	(1,142)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(16)	1,990
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	1,112	1,112

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	706	2,154
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (Bank Guarantees)	406	375
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,112	2,529

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter \$A'000
83
-

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Director salary \$53k
Director fees \$30k

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

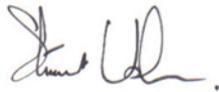
8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(3,300)
9.3 Advertising and marketing	-
9.4 Leased assets	(4)
9.5 Staff costs	(1,200)
9.6 Administration and corporate costs	(410)
9.7 Other (Bank Guarantee and Rental deposit)	-
9.8 Total estimated cash outflows	(4,914)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Nil	Nil
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Company Secretary

Date: 30 April 2018

Print name: Stuart Usher

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.