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# ASX MARKET RELEASE

11 April 2018

## A SUCCESSFUL WA-BASED REAL ESTATE FIRM JOINS THE AGENCY TEAM FOR SHARES IN THE AGENCY

### Highlights:

- The Agency Group Australia to acquire all of the issued shares of Vicus Residential Pty Ltd (the residential sales and management division of The Vicus Group)
- The Agency has entered into a binding term sheet to acquire all of the issued shares of Vicus Residential for 41.25 million ordinary shares in The Agency and a \$50,000 cash payment
- Vicus Residential conducts a highly profitable business – EBITDA of ~\$300,000 p.a. and turnover of \$800,000 - \$1,000,000 p.a. for FY2017 (historical and unaudited financials)
- Vicus Residential acquisition will add over 200 rental properties, increasing The Agency's property managements to over 700 post acquisition
- The acquisition will see highly experienced personnel join the Agency Group team including two property managers and two sales staff
- Vicus Residential has a presence in inner-city suburbs, complementing The Agency's purchase of Beaufort Realty in 2017
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The Agency Group Australia Ltd (ASX: AU1) ("The Agency" or "the Company"), will further expand its reach in the Western Australian property market, via its entry into a binding term sheet to acquire all of the issued shares of Vicus Residential Pty Ltd ("Vicus Residential") – the residential sales and management division of The Vicus Property Group.

The acquisition will see The Agency's WA operations grow by four staff and add more than 200 rental properties predominantly in the inner city of Perth, increasing total property managements on The Agency's books to approximately 700 in the state.

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THE AGENCY



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Commenting on the acquisition, The Agency Group Managing Director Paul Niardone said:

*“This business adds to The Agency’s significant growth potential and establishes a strong presence in Inglewood, Mount Lawley and surrounding inner city suburbs, complementing our purchase last year of highly successful real estate business Beaufort Realty.*

*The business is profitable. Vicus Residential has previously reported EBITDA of approximately \$300,000 per annum and turnover of \$800,000 to \$1 million per annum for FY2017 (historical and unaudited financials).*

*“We strongly believe 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.*

*“We warmly welcome the Vicus Residential team to The Agency family, and look forward to working with them to support their continued growth.”*

### **Vicus Residential Pty Ltd**

Vicus Residential – part of the all-encompassing WA based property company The Vicus Property Group – was established to serve the needs of the Commercial and Strata clients of The Vicus Property Group.

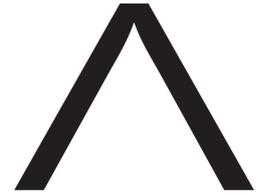
The residential management division has grown a portfolio of over 200 managements that span across houses, units and apartments across Perth.

The decision to sell Vicus Residential was based on the board and management’s desire to focus purely on their burgeoning commercial property business.

Commenting on the acquisition, Vicus Residential’s Licensee, Gianni Redolatti said:

*“We have always offered a hands-on approach with all of our clients and this won’t change post acquisition. I look forward to working with The Agency as we continue to grow the residential management business.”*

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## Terms of the Acquisition

The Agency has entered into a binding term sheet to acquire all of the issued shares of Vicus Residential for consideration of 41.25 million ordinary shares in The Agency (on a pre-consolidation basis) and a \$50,000 cash payment to the vendors of Vicus Residential (**Vendors**). As noted in the Company's ASX announcement dated 12 February 2018 ("The Agency Exercises Option to Acquire Top Level Real Estate"), the Company proposes to consolidate its issued capital on a 1:25 basis. 41.25 million shares in consideration for the acquisition of all of the shares in Vicus Residential is therefore presented on a pre-consolidation basis.

Under the new ownership structure, Vicus Residential's licensee Gianni Redolatti will remain as the named licensee.

Settlement of the acquisition is conditional upon the satisfaction (or waiver by The Agency) of the following conditions precedent:

- Completion of financial, legal and technical due diligence by The Agency on Vicus Residential's business, assets and operations, to the absolute satisfaction of The Agency;
- The Vendors procuring that Vicus Residential obtains from each third party to contracts to which Vicus Residential is a party, all necessary consents and approvals (on terms and conditions in all respects reasonably satisfactory to The Agency) required to implement the acquisition; and
- Any necessary shareholder and regulatory approvals required to complete the matters set out in the term sheet for either Vicus Residential or The Agency, are obtained.

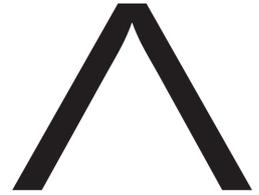
Settlement of the acquisition will occur on the date which is five business days after the last of the conditions precedent are satisfied.

## Application of Chapter 11 of the ASX Listing Rules

Based on submissions made to ASX, ASX has confirmed that the Company must comply with Listing Rule 11.1.2 and seek shareholder approval for the Vicus Residential acquisition.

Based solely on the information provided, ASX requires that the Company comply with Listing Rule 11.1.2 only and seek shareholder approval for the acquisition of Vicus Residential. The Company has been advised that it should consult with ASX in the event that the proposed consideration for the Vicus Residential acquisition changes or the Company proposes to enter into any transactions in the next 12

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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 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.

Shareholders will receive a Notice of Meeting setting out the resolutions relating to the Vicus Residential acquisition. An explanatory statement will accompany the Notice of Meeting and will be distributed to all members prior to the meeting.

### **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 ~\$1.185 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 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 The Agency not only adds sales activities but also on average bring in a database of ~2000 clients.

The Agency'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 with over 1,200 brokers settling over \$1 billion a month.

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

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