



REAL ESTATE
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APPENDIX 4C

HALF YEAR UPDATE

31 January 2019

THE AGENCY CONTINUES STELLAR GROWTH

Highlights

The Agency Group (WA)	HY2019
No of Agents	175
No. of Properties Sold	719
Value of Properties Sold	\$382m
Properties Under Mgmt.	828
Listings	1100
Total Real Estate Commission Income*	\$7.5m
Total Revenue*	\$10.2m

*Note: Unaudited Revenue

- Total revenue of \$10.2m for HY2019 - up 42% on the previous corresponding period (\$7.2m: HY2018) and represents ~63% of FY2018 revenue of \$16.2m
- The Agency & SLP real estate commissions only – revenue of \$7.5m for HY2019 up 60% on previous corresponding period (\$4.7m: HY2018)
- The Agency completes consolidation of share structure on a 1:30 basis and completes a 6 for 10 bonus issue to shareholders
- Real Estate Commission Income from SLP of \$3.4m HY2019
- Real Estate Commission Income from The Agency of \$4.1m HY2019

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08 9204 7955 theagencygroup.com.au ABN 52 118 913 232



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Top Level Acquisition

- Post quarter end, The Agency completes acquisition of Top Level Real Estate and raises \$8.4 million via a share placement at 30c per share
- Acquisition makes The Agency the fastest growing national real estate company in Australia
- A new cornerstone investor joins share register, via \$5 million of the recent placement, with Non-Executive Director John Kolenda taking a 16.97% interest
- Top Level CEO Matt Lahood joins as an Executive Director of The Agency
- Business has been built for scale with ability to materially grow the number of agents and properties under management with limited capital expenditure or increase in corporate overheads
- The Agency expects significant increase in agents joining now acquisition completed

The Agency Group Australia's (ASX:AU1) ("The Agency" or "the Company") disruptive real estate model continues to outperform the market despite an ongoing real estate downturn.

Gross commission income for The Agency real estate sales was \$4.1 million while SLP posted \$3.4 million of commission income for the HY2019 for total gross commission income of \$7.5 million. This was up 60% on the previous corresponding period.

The Agency Property Management reported 639 managements for HY2019 generating income of \$0.69 million, up 30% on \$0.54 million in HY2018. Following the acquisition of Vicus Residential post end of period, the number of managements has increased to 828 managements.

Mortgage and Financial Solutions Australia posted income of \$1.5 million for HY2019, up 15% from \$1.3 million for HY2018. Landmark Settlements posted income of \$0.48 million for the HY2019, up 30% from \$0.38 million for HY2018.

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

Despite the decreasing market, we are proving our model works by achieving strong growth in Western Australia so far in FY2019 with 30% growth anticipated across all key metrics including properties sold, properties under management, listings and revenue.

We are confident revenue growth will continue via organic growth which is driven by recruitment due to the attractiveness of our model.

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When considering The Agency is officially a start-up, this growth represents a phenomenal achievement and is testament to our proven disruptive model and the tireless efforts of all staff.

Top Level Acquisition

On 28 November 2018, shareholders voted overwhelmingly in favour of the acquisition of high-growth east coast real estate firm Top Level Real Estate.

The Agency shareholders also approved at the general meeting:

- A capital raising of \$8.4 million via a share placement
- \$5m of Top Level debt to be converted into shares
- Election of Top Level CEO Matt Lahood as an Executive Director of The Agency

Post quarter end, The Agency Group completed its acquisition of high-growth eastern states focused real estate firm Top Level Real Estate and raised the required \$8.4 million via a share placement at 30c per share.

The acquisition sees the addition of a highly experienced east coast real estate sales and project marketing team, a significant property management portfolio and an extensive sales pipe-line.

With the addition of Top Level, The Agency will be the only national real estate business having two prominent brands (The Agency and Sell Lease Property), with 293 sales representatives across Perth, Sydney, Melbourne and the Gold Coast (across nine offices). This model of having two brands in the one market is common overseas in major real estate markets.

It will also have 4209 properties under management, 1394 listings and a mortgage book of over A\$1.2 billion.

The company's footprint expands to not only include Perth and Sydney residential property markets but also offices in Melbourne and the Gold Coast with plans for offices in Canberra and further expansion of its Western Australian operations.

Continues to Attract the Best Agents

In a further sign The Agency's disruptive model attracts the best talent, award-winning real estate agent Michael Keil has joined The Agency. With over two decades of experience under his belt in the WA property market, Mr Keil – a licensed real estate business agent and auctioneer – is highly regarded in the industry where his innovative sales strategies have delivered proven results for both residential property owners and developers.

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He has consistently ranked in the top 1% of WA real estate sales agents for turnover of sales and has previously been awarded Grand Master in 2013 and 2014 REIWA.COM awards and Master Salesperson in 2010, 2012, 2015 and 2017 REIWA.COM awards.

His company, MichaelKile.com Property, was also awarded highest placed real estate sales team in Perth, selling 185 properties for \$103 million at REIWA.COM Award 2013/14.

The Market

In 2019, due to the tougher market we expect there will be further consolidation in the industry with The Agency's disruptive model attracting further attention from those agents and business owners wishing to change as they look for a more attractive offering and stronger brand and business model.

With completion of the Top Level transaction, The Agency expects a number of other reputable businesses will look at joining the national brand.

The company's approach to acquisitions will be very selective and will only consider those real estate firms which are significantly value accretive to the business.

Quarter Cashflow commentary

Cash flows from operating activities were in line with the previous quarter's, with additional interest costs related to the additional \$250,000 in loan funding classified under cash flows from financing activities.

Cash flows used in investing activities of \$95,000 represented the final retention payment to the vendors of Beaufort Reality Pty Ltd that was originally reported in Qtr. 4 2017.

Share subscriptions of \$500,000 were received in advance of the \$8.4M capital raising completed in January 2019.

In reference to section 9 of the Appendix 4C, 'estimated cash outflows for the next quarter', the Company is estimating higher administration and corporate costs to incorporate the payment of acquisition costs in respect of the Top Level acquisition. Product and operating costs are estimated to be high due to the full payment of taxation liabilities that occurred immediately after the capital raise and acquisition of Top Level.

All cashflow estimates exclude Top Level Pty Ltd acquired 11 January 2019.

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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 December 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	6,108	12,027
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,272)	(8,231)
(c) advertising and marketing	(46)	(46)
(d) leased assets	(15)	(27)
(e) staff costs	(1,818)	(3,320)
(f) administration and corporate costs	(122)	(370)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(81)	(118)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(246)	(85)

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	-	(100)
(b) businesses (see item 10)	(95)	(95)
(c) investments	(25)	(310)
(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	(120)	(505)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
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	250	250
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(15)	(15)
3.8 Dividends paid	-	-
3.9 Other (Share subscriptions received in advance)	500	500
3.10 Net cash from / (used in) financing activities	735	735

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	798	1,022
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(246)	(85)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(120)	(505)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	735	735
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	1,167	1,167

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	1,167	798
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,167	798

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

68

-

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

Director salary \$49k
Director fees \$19k

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.		

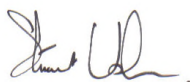
9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(5,500)
9.3 Advertising and marketing	(50)
9.4 Leased assets	(15)
9.5 Staff costs	(2,200)
9.6 Administration and corporate costs	(1,300)
9.7 Other (Bank Guarantee and Rental deposit)	-
9.8 Total estimated cash outflows	(9,065)*

* Excludes estimated cashflows from Top Level acquired 11 January 2019

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Beaufort Reality Pty Ltd	Nil
10.2 Place of incorporation or registration	Perth WA	
10.3 Consideration for acquisition or disposal	Last deferred consideration payment on the acquisition that occurred and was reported during the Jun Qtr. 2017	
10.4 Total net assets	N/A	
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: 31 January 2019

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.