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# MEDIA RELEASE

28 February 2019

## HY2019 RESULTS

### THE AGENCY MODEL CONTINUES TO GRAB MARKET SHARE

#### *STRONG GROWTH IN REVENUE, COMMISSIONS & ALL KEY METRICS*

#### Highlights

The Agency Group Australia (ASX:AU1) (“The Agency” or “the Company”) has recorded for the HY2019:

- ✓ Net revenue from continuing operations of \$10.48 million, a 50% increase on the six-month period ending 31 December 2017 (HY2018: \$6.87 million) and ~62% of FY2018’s revenue (FY2018: \$16.8 million)
- ✓ Total gross commission income of \$7 million, a 50% increase on the six-month period ending 31 December 2017 (HY2018: \$4.8 million).
- ✓ Statutory loss before tax down to \$2.1 million (HY2018: \$2.15 million loss) - includes one off costs of \$615,000
- ✓ Normalised loss of \$1.5 million highlights reduced cash burn rate and is a further marked improvement operationally on previous years
- ✓ Cash and cash equivalents balance of \$1.2 million as at 31 December 2018 (\$1 million as at 31 June 2018).
- ✓ All key metrics (recruitment numbers, properties sold, listings, properties under management, listings and revenue) have exhibited continued growth despite soft market conditions
- ✓ Continued growth in revenue and key metrics across the Company is expected in the second-half FY2019 due to the transformative acquisition of Top Level Real Estate Pty Ltd (“Top Level”) on 11 January 2019

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The Agency Group Australia's 2019 Interim Financial results highlights the company's proven disruptive real estate model continues to perform and gain market share.

In Western Australia, The Agency Group and SLP have witnessed a significant increase in market share over the past few months nearing 5% market share which is ranked 4<sup>th</sup> in Western Australia. To provide perspective on the key competitors in the region, the market leader currently holds circa 9% and the Company will continue to strive to achieve market leadership and further gain market share within the WA market.

The Consolidated Entity continues to achieve strong revenue growth, delivering net revenue from continuing operations of \$10.48 million for the six-month period ending 31 December 2018, representing approximately 50% increase on the six-month period ending 31 December 2017 (HY2018: \$6.87 million).

Total gross commission income for the Consolidated Entity for the six-month period totalled \$7 million, representing approximately a 50% increase on the six-month period ending 31 December 2017 (HY2018: \$4.8 million).

While the Consolidated Entity reported a statutory loss before tax of \$2.11 million (HY2018: \$2.15 million loss), \$615,000 in one-off costs associated with legal expenses associated with acquisitions and corporate advisory were included in this figure. The operating loss for the 6-month period was \$1.5 million (HY2018: \$2.15 million).

Taking this into account, the normalised loss of \$1.5 million highlights reduced cash burn rate and is a further marked improvement operationally on previous years.

The Company is confident its revenue and commission growth will be maintained during the second half FY2019 and could be significantly enhanced as a result of the recent acquisition of Top Level Real Estate Pty Ltd.

The Top Level acquisition brings the addition of a highly experienced east coast real estate sales and project marketing team, a significant property management portfolio and an extensive sales pipeline to the Company.

With the addition of Top Level, The Agency has further strengthened its position as a disruptive national real estate business having a dual offering to real estate agents, under two prominent brands (the Agency and Sell Lease Property), providing a tailored remuneration scheme and support structure depending on the agent's needs and scale.

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The acquisition has been transformative for the Company as the network has now expanded to approximately 300 sales representatives across Perth, Sydney, Melbourne and the Gold Coast (across nine offices).

The Company now has 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.

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

*"Despite the challenging market conditions, we are proving our model works by achieving strong growth in Western Australia so far in FY2019 with continuing 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.*

*"When considering The Agency is still very much a business in its infancy, the growth achieved to date represents a phenomenal achievement and a testament to our proven disruptive model and the tireless efforts of all staff."*

Mr Niardone said further consolidation is expected in the industry in 2019,

*"We believe The Agency's disruptive model will attract 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.*

*"We will be very selective in our approach to dealing with acquisitions and will only consider those real estate firms which are significantly value accretive to the business."*

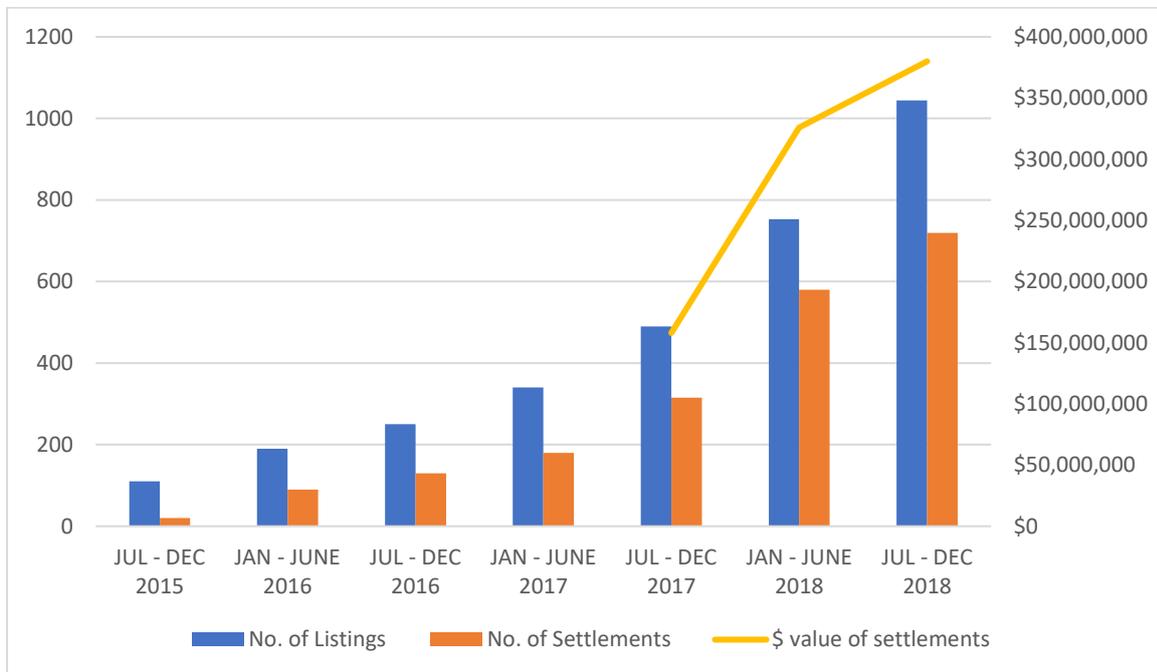
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### Strong growth in WA continues

Despite what was a shrinking and difficult real estate market in WA, The Agency continued to perform strongly during the December HY2019. The graph below highlights the continued success of The Agency's business model (includes SLP):



Gross commission income for real estate sales was up to \$7 million of commission income for the HY2019 for total gross commission income of \$7.5 million. This was up 50% on the previous corresponding period.

The Agency Property Management reported 639 managements for HY2019, up from 583 managements as of 31 July 2018, and generating income of \$0.67 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.

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**The Agency East Coast – brings significant addition to the Company sales pipeline and property management portfolio for second-half FY2019**

In the six months to 31st December 2018, The Agency East Coast recorded 402 residential sales (with a combined value of ~ A\$805m), built a property management portfolio in excess of 3,300 properties, recruited a team of approximately 117 sales agents and established offices positioned in blue chip locations across the eastern suburbs, inner west and lower north shore of Sydney.

The Agency East Coast achieved a strong market share in an area that is in high demand and is regarded as the premium real estate area in the country.

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