



REAL ESTATE  
FINANCE  
SETTLEMENT  
INSURANCE

30 April 2019

## MARCH QUARTER 2019 UPDATE & APPENDIX 4C

### RECORD & NEAR-RECORD RESULTS ACROSS KEY METRICS

#### Highlights

	March Quarter 2019
<b>Listings <sup>1</sup></b>	<b>1040</b>
<b>No. of Properties Sold <sup>2</sup></b>	<b>616</b>
<b>Value of Properties Sold (m) <sup>2</sup></b>	<b>\$613.4</b>
<b>Properties Under Management</b>	<b>4324</b>
<b>Gross Commission Income (m) <sup>1</sup></b>	<b>\$10.3</b>
<b>Property management revenue (m)</b>	<b>\$2.2</b>
<b>Ancillary Services Revenue (m)</b>	<b>\$1.1</b>

- EDITDA positive for February and March 2019
- Integration activities of newly acquired businesses underway, identifying significant synergies and cost reductions to be achieved by calendar year end
- Combined Gross Commission Income (GCI) of A\$10.3 million, 2<sup>nd</sup> highest on record
- 277 Agents working across the group nationally
- Continued quarter on quarter growth with 1,040 new listings secured, a 14% increase, a 32% increase in properties sold and 30% increase in value of properties sold
- Acquisition of Top Level Real Estate business;
  - Supported by \$8.4 million share placement
  - Brings extensive industry and sales experience on east coast into the group

<sup>1</sup> New Listing, GCI and Number of Agents for Sell Lease Property is only available from purchase. On this basis they have only been included from 31 March 2018. The Agency prepared on the basis that the acquisition of Top Level Real Estate occurred effective 1 January 2017

<sup>2</sup> Value and number of exchanges prepared on the basis that the acquisition of Top Level Real Estate occurred effective 1 January 2017 and Sell Lease Property had occurred effective 1 January 2018.

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

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- New cornerstone investors join share register, with Non-Executive Director John Kolenda increasing interest to 16.97% interest
- Successfully acquires and integrates Vicus Residential into the business
  - Adds 200 rental properties to the business
- Growing market share in key markets of WA and NSW which are now at c.5% and c.1% respectively

The Agency Group Australia (ASX:AU1) (“The Agency” or “the Company”) has delivered another quarter of strong results, further confirming the Company as one of Australia’s fastest growing real estate groups.

In the period it also recorded EBITDA positive months for February and March, a significant milestone for the Company.

For the quarter, the Company reported combined Total Revenue of \$9M, an increase on the previous corresponding period (which now includes Top Level revenues from the date of acquisition of 11 January 2019) and Gross Commission Income (GCI) of A\$10.3 million, the second highest on record for the group.

During the period, 616 properties were sold for a total value of \$613.4 million across the combined group, including a number of high-profile and well publicised sales.

Across the combined group, there were a record 1,040 new listings, 14% up on the prior quarter – the previous record.

Property management across the group continues to grow with 4,324 properties under management at 31 March 2019. The group continues to explore a number of opportunities to expand its property management portfolio and leverage off its existing scale.

The total number of agents remained relatively steady, at 277.

Following its acquisition in late February 2018, management have commenced rationalising the agent network of Sell Lease Property ahead of expanding the offering nationally. This rationalisation is partially due to new award conditions in WA that took effect in April 2019 and are expected to materially reduce the number of agents operating across the industry in WA. This has resulted in the number of agents within Sell Lease Property reducing to 68 at 31 March 2019, with limited impact on exchanges or listings.

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### **Top Level Acquisition Settled**

The Agency is witnessing significant benefits from the acquisition of high-growth east coast real estate firm Top Level Real Estate Pty Ltd during the March Quarter.

The acquisition has been transformative for the Company as the network has now expanded to 277 sales representatives across nine offices in key markets including Perth, Sydney, Melbourne and the Gold Coast with plans for further expansion of its Western Australian operations on the horizon.

The Company now boasts 4324 properties under management, 1040 listings and a mortgage finance book of loans outstanding in excess of A\$1.2 billion.

With completion of the Top Level acquisition, The Company expects a number of other reputable businesses will look to join 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.

### **Capital Raising**

The Company also completed the required capital raising of \$8.4 million – a condition precedent to the Top Level transaction – resulting in new cornerstone investors joining The Agency's share register, and Non-Executive Director John Kolenda increasing his interest to 16.97%.

The Agency also completed a 6:10 bonus issue and a consolidation of its capital on a 1:30 basis. The capital consolidation provided the best platform for continued growth and a capital structure that was more in line with the Company's size and a share price level that was more attractive to institutional investors.

### **Vicus Residential Acquisition Settled**

During the March Quarter, The Agency settled the acquisition of Vicus Residential - the residential sales and management division of The Vicus Property Group.

The acquisition resulted in The Agency's WA operations adding more than 200 rental properties predominantly in the inner city of Perth, increasing total property managements on The Agency's books to approximately 800 in the state.

### **Boost in Market Share**

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08 9204 7955 [theagencygroup.com.au](http://theagencygroup.com.au) ABN 52 118 913 232



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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 in Western Australia placing us at Number 4 in the state. In comparison, the market leader in the state holds a market share of approximately 9%.

### **Quarterly Cash Flow Commentary**

As highlighted in the December 2018 Quarterly

1.) the Company reported higher administration and corporate costs to incorporate the payment of acquisition costs in respect of the Top Level acquisition; and

2.) Product and operating costs were high due to the full payment of taxation liabilities that occurred immediately after the capital raise and acquisition of Top Level.

Interest and other costs of finance at item 1.5 and Transaction costs related to loans and borrowings at item 3.7 are higher due to the prepayment of interest on the Macquarie Bank refinancing and bank fees at time of settlement and refinancing approval by the bank.

Repayment of Top Level debt occurred in accordance with the acquisition terms of Top Level.

### **Update Market Presentation**

Please refer to the separate market update presentation lodged with ASX.

### **If you require further information, please contact:**

#### **Investors**

The Agency Australia Ltd

Paul Niardone

T: +61 08 9204 7955

#### **Media**

Chapter One Advisors

David Tasker / Colin Jacoby

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

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

## 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 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	9,149	21,176
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(7,937)	(16,168)
(c) advertising and marketing	(329)	(375)
(d) leased assets	(11)	(38)
(e) staff costs	(3,521)	(6,841)
(f) administration and corporate costs	(916)	(1,286)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(713)	(831)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(4,277)</b>	<b>(4,362)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(62)	(62)
(b) businesses (see item 10)	-	(95)
(c) investments	(362)	(772)
(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	270	270
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(154)</b>	<b>(659)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	7,900	8,400
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
3.6 Repayment of borrowings	(1,024)	(1,024)
3.7 Transaction costs related to loans and borrowings	(220)	(235)
3.8 Dividends paid	-	-
3.9 Other (Share subscriptions received in advance)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>6,656</b>	<b>7,391</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date \$A'000</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,167	1,022
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,277)	(4,362)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(154)	(659)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	6,656	7,391
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>3,392</b>	<b>3,392</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	3,392	1,167
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,392</b>	<b>1,167</b>

**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

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

<b>Current quarter \$A'000</b>
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328
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Director salary \$142k

Director fees \$186k

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	\$12,600	\$12,600
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.		

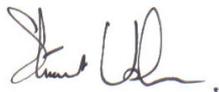
Lender – Macquarie Bank, facility has a first security, Interest Rate 5.89%

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(6,000)
9.3 Advertising and marketing	(300)
9.4 Leased assets	(15)
9.5 Staff costs	(3,000)
9.6 Administration and corporate costs	(1,000)
9.7 Other (Bank Guarantee and Rental deposit)	-
<b>9.8 Total estimated cash outflows</b>	<b>(10,315)</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Acquisitions</b>
10.1 Name of entity	Beaufort Reality Pty Ltd	Top Level Real Estate Pty Ltd
10.2 Place of incorporation or registration	Perth WA	Sydney, NSW
10.3 Consideration for acquisition or disposal	Last deferred consideration payment on the acquisition that occurred and was reported during the Jun Qtr. 2017	\$10,500,000 (350,000,000 Ordinary Fully Paid Shares issued at \$0.30 per share)
10.4 Total net assets	N/A	(\$10,787,620)
10.5 Nature of business		Real Estate services

**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 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.