

THE AGENCY GROUP AUSTRALIA LTD

ACN 118 913 232

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of four (4) Shares for every seven (7) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.065 per Share, to raise up to approximately \$4,484,398 (together with one (1) free attaching listed option for every two (2) Shares subscribed for and issued (**New Option**)) (**Offer**).

Patersons Securities Limited and Aura Capital Pty Ltd will act as Joint Lead Managers to the Offer. Refer to Section 8.4 for the terms of the Lead Manager Mandate.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Andrew Jensen (Chairman)
John Kolenda (Non-Executive Director)
Paul Niardone (Executive Director)
Adam Davey (Non-Executive Director)
Matthew Lahood (Non-Executive Director)

Company Secretary

Stuart Usher

Registered Office

68 Milligan Street
Perth WA 6000

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Email: Stuartu@theagencygroup.com.au
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Share Registry*

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009

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Auditor*

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3
216 St Georges Terrace
Perth WA 6000

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Lead Managers

Patersons Securities Limited
Level 23 Exchange Tower
2 The Esplanade
Perth WA 6000

Aura Capital Pty Ltd
Level 24
52 Martin Place
Sydney NSW 2000

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with the ASIC	Monday, 2 September 2019
Lodgement of Prospectus & Appendix 3B with ASX	Monday, 2 September 2019
Notice sent to Optionholders	Monday, 2 September 2019
Notice sent to Shareholders	Wednesday, 4 September 2019
Ex date	Thursday, 5 September 2019
Record Date for determining Entitlements	Friday, 6 September 2019
Prospectus despatched to Shareholders & Company announces despatch has been completed	Monday, 9 September 2019
Last day to extend Closing Date*	Tuesday, 17 September 2019
Closing Date*	Friday, 20 September 2019
Securities quoted on a deferred settlement basis	Monday, 23 September 2019
ASX notified of under subscriptions	Wednesday, 25 September 2019
Issue Date / Securities entered into Shareholders' security holdings	Friday, 27 September 2019
Quotation of Securities issued under the Offer*	Monday, 30 September 2019

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 2 September 2019 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

3.2 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 4 of this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of four (4) Shares for every seven (7) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.065 per Share, to raise up to approximately \$4,484,398 (together with one (1) free attaching Option for every two (2) Shares subscribed for and issued). Fractional entitlements will be rounded down to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no existing Options are exercised prior to the Record Date) a maximum of 68,996,939 Shares and 34,495,370 New Options will be issued pursuant to this Offer to raise up to \$4,484,398. No funds will be raised from the issue of the New Options.

As at the date of this Prospectus the Company has 5,588,912 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 5.4 for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.1 for further information regarding the rights and liabilities attaching to the Shares.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.2.

All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1.

4.2 Placement

As announced on 1 August 2019, the Company has completed a placement of 16,923,077 Shares at an issue price of \$0.065 per Share to sophisticated and professional investors under the Company's current Listing Rule 7.1 and 7.1A placement capacity to raise \$1,100,000 (**Placement**). Pursuant to the terms of the Placement, participants in the Placement will be issued with 8,461,539 Options.

This Prospectus also contains an offer of 8,461,539 Options to participants in the Placement (**Placement Options Offer**). The purpose of the Placement Options Offer is to remove the need for an additional disclosure document to be issued under the Placement Options Offer or upon exercise of the Options under the Placement Options Offer. An application form will be provided to participants in the Placement in relation to the Placement Options Offer.

4.3 Joint lead managers

Patersons Securities Limited and Aura Capital Pty Ltd have been appointed as joint lead managers to the Offer. The terms of the appointment of the Joint Lead Managers are summarised in Section 8.4.

As part of the fees payable to Patersons and Aura Capital, the Company has agreed to issue, subject to the receipt of prior Shareholder approval, 12,899,074 Options to the Joint Lead Managers (or their nominee(s)).

This Prospectus also contains an offer of 12,899,074 Options to the Joint Lead Manager (or their nominee(s)) (**Lead Manager Offer**). The purpose of the Lead Manager Offer is to remove the need for an additional disclosure document to be issued under the Lead Manager Offer or upon exercise of the Options under the Lead Manager Offer. An application form will be provided to the Joint Lead Manager in relation to the Lead Manager Offer.

4.4 Minimum subscription

The minimum subscription in respect of the Offer is the full subscription, being \$4,484,398.

4.5 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) make payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you wish to accept your **full** Entitlement and apply for Securities under the **Shortfall Offer** (refer to Section 4.10):
 - (i) complete the Entitlement and Acceptance Form;
 - (ii) fill in the number of Shares you wish to apply for under the Shortfall Offer in the space provided on the Entitlement and Acceptance Form; and
 - (iii) make payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.065 per Share)
- (c) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form;
 - (ii) make payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.065 per Share); or

- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

4.6 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "The Agency Group Australia Ltd – Entitlement Issue Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm WST on the Closing Date.

4.7 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

One (1) New Option with an exercise price of \$0.065 and an expiry date of 31 December 2020 will be issued for every two (2) Shares subscribed for and issued under the Offer.

4.8 Underwriting

The Offer is not underwritten.

4.9 Effect on control of the Company

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 36% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).

Examples of how the dilution may impact individual Shareholders is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	10,000,000	8.28%	5,714,286	10,000,000	5.27%
Shareholder 2	5,000,000	4.14%	2,857,143	5,000,000	2.64%
Shareholder 3	1,500,000	1.24%	875,143	1,500,000	0.79%
Shareholder 4	400,000	0.33%	228,571	400,000	0.21%
Shareholder 5	50,000	0.04%	28,571	50,000	0.03%

The potential effect that the issue of the Shares under the Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their Entitlement under the Offer, the issue of Shares under the Offer will have no effect on the control of the Company and all Shareholders will hold the same percentage interest in the Company, subject only to changes resulting from ineligible Shareholders being unable to participate in the Offer; and
- (b) in the more likely event that Eligible Shareholders do not subscribe for their full Entitlement of Shares under the Offer, those Eligible Shareholders and ineligible Shareholders unable to participate in the Offer will be diluted relative to those Shareholders who subscribe for some or all of their Entitlement as shown by the table above.

4.10 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open until the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.065 being the price at which Shares have been offered under the Offer.

Eligible Shareholders may apply for Securities under the Shortfall Offer, in addition to taking up their full Entitlement, subject to such applications being received by the Closing Date.

The Directors, in consultation with the Joint Lead Managers, reserve the right to issue Shortfall Securities at their absolute discretion. There is no guarantee that Eligible Shareholders will receive Securities applied for under the Shortfall Offer.

No Securities will be issued to an applicant under the Shortfall Offer if the issue will result in a holding of Shares of, or increase in holding, to an amount in excess of 19.99% of all the Shares on issue on completion of the Offer.

4.11 ASX listing

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC),

the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

4.12 Issue

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

4.13 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

New Zealand

The Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.14 Additional offers under this Prospectus

The Company is seeking Shareholder approval for a number of Security issues as set out in the Notice of General Meeting. This Prospectus also contains the following offers of Securities, all of which are subject to the Company receiving Shareholder approval for the various issues at the General Meeting:

- (a) An offer of up to 12,899,074 New Options to Patersons and Aura (or their nominee(s)) (**Joint Lead Managers Offer**). The purpose of the Joint Lead Managers Offer is to remove the need for an additional disclosure document to be issued for the Joint Lead Managers Offer or upon exercise of the New Options under the Joint Lead Managers Offer. Application forms will be provided to Patersons and Aura in relation to the Joint Lead Managers Offer.
- (b) An offer of up to 11,138,462 Shares to various consultants to the Company (or their nominee(s)) as set out in Resolutions 3 to 11 of the Notice of General Meeting (**Consultants**) (**Consultants Share Offer**). The purpose of the Consultants Share Offer is to remove the need for an additional disclosure document to be issued for the Consultants Share Offer. Application forms will be provided to the Consultants in relation to the Consultants Share Offer.
- (c) An offer of up to 82,197,341 Shares and 41,098,670 New Options to the creditors set out in Resolutions 12 to 16 of the Notice of General Meeting (**Creditors**) (**Creditors Offer**). The purpose of the Creditors Offer is to remove the need for an additional disclosure document to be issued for the Creditors Offer or upon exercise of the New Options under the Creditors Offer. Application forms will be provided to the Creditors in relation to the Creditors Offer.
- (d) An offer of up to 7,692,308 Shares and 4,560,440 New Options, the subject of Resolutions 17 and 18 of the Notice of General Meeting) to Kalonda Pty Ltd ATF The Leibowitz Superannuation Fund (or its nominee) (**Kalonda**) (**Kalonda Offer**). The purpose of the Kalonda Offer is to remove the need for an additional disclosure document to be issued for the Kalonda Offer or upon exercise of the New Options under the Kalonda Offer. An application form will be provided to Kalonda in relation to the Kalonda Offer.

4.15 Enquiries

Any questions concerning the Offer should be directed to Stuart Usher, Company Secretary, on + 61 8 6380 2555.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$4,484,398 (before costs). No funds will be raised from the issue of the New Options.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Potential acquisitions and growth capital ¹	1,491,209	33.25
2.	Repayment of existing debts	1,690,000	37.69
3.	Expenses of the Offer ²	406,309	9.06
4.	Working capital ³	896,880	20.00
	Total	4,484,398	100

Notes:

1. The Company proposes to allocate these funds towards the execution of potential acquisitions that are viewed strategic to the core business, that is property sales and property management divisions.
2. Refer to Section 8.8 for further details relating to the estimated expenses of the Offer.
3. The working capital will be required to fund initiatives towards technology improvement, intellectual property development, office fit-outs and expansion plans requiring expenditure including but not limited to marketing costs, in the recruitment of agents across Australia.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$4,078,089 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer (assuming full subscription);
- (b) increase the number of Shares on issue from 120,733,792 as at the date of this Prospectus to 189,724,531 Shares following completion of the Offer; and
- (c) increase the number of Options on issue from 5,588,912 as at the date of this Prospectus to 40,084,282 Options following completion of the Offer (52,983,356 Options including the issue to the Joint Lead Managers (or their nominees).

5.3 Pro-forma balance sheet

The unaudited balance sheet as at 30 June 2019 and the unaudited pro-forma balance sheet as at 30 June 2019 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date, including expenses of the Offer and assuming that all Shareholder approvals are obtained at the General Meeting and the Securities the subject of the Notice of General Meeting are all issued.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The Company's annual financial results are in the process of being audited for the period ending 30 June 2019. The balance sheet as at 30 June 2019 as included in the Preliminary Final Report and Appendix 4E for the financial year ended 30 June 2019 (lodged with ASX market announcements on 2 September 2019), has been used as it is the latest balance sheet compiled for the purposes of audit. There may be changes to the balance sheet as a result of audit proposed adjustments at the conclusion of the audit estimated to be the end of September 2019. The pro-forma balance sheet does not include a revaluation of the Intangible Assets.

	UNAUDITED 30 June 2019	PROFORMA 30 June 2019
CURRENT ASSETS		
Cash ¹	2,597,299	6,085,364
Trade and other receivables	5,107,165	5,107,165
TOTAL CURRENT ASSETS	7,704,464	11,192,529
NON-CURRENT ASSETS		
Property, Plant and Equipment	2,570,279	2,570,279
Intangible Assets	40,500,780	40,500,780
Financial assets	1,142,387	1,142,387
TOTAL NON-CURRENT ASSETS	44,213,446	44,213,446
TOTAL ASSETS	51,917,910	55,405,975
CURRENT LIABILITIES		
Trade and other payables	13,566,789	12,404,076
Borrowings	21,126,603	13,643,776 ^{1,2}

	UNAUDITED 30 June 2019	PROFORMA 30 June 2019
Provisions	716,307	716,307
TOTAL CURRENT LIABILITIES	35,409,699	26,764,159
Non Current Liabilities		
Trade and other payables	35,308	35,308
Provisions	996,927	996,927
Deferred tax liabilities	6,417,605	6,417,605
TOTAL NON CURRENT LIABILITIES	7,449,840	7,449,840
TOTAL LIABILITIES	42,859,539	34,213,999
NET ASSETS	9,058,371	21,191,976
EQUITY		
Contributed equity	27,765,049	39,898,654
Reserves	583,426	583,426
Accumulated losses	(19,290,104)	(19,290,104)
TOTAL EQUITY	9,058,371	21,191,976

Notes:

1. Includes the conversion of debt to equity totalling \$5.8 million, that is subject to Shareholder approval at the General Meeting, Resolutions 12-17 (refer to Section 5.4 below).
2. The Company is in the process of negotiating on refinancing terms which will result in the reclassification of borrowings from short-term to long-term borrowings.

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below. The tables below also include the Securities for which the Company is seeking Shareholder approval to issue at the General Meeting.

Shares

	Number
Shares currently on issue	120,733,792
Shares offered pursuant to the Offer	68,990,739
Shares to be issued to creditors to the Company in lieu of cash fees ¹	11,138,462
Shares to be issued to current creditors (debt for equity conversion) ²	82,197,341
Shares to be issued in repayment of other debt ³	7,692,308
Shares to be issued to Directors in lieu of Directors' fees ⁴	5,980,205
Total Shares on issue after completion of the Offer and assuming all Shareholder approvals received at the General Meeting	296,732,847

Notes:

1. It is proposed that these Shares be issued to various creditors to the Company in lieu of cash fees owing. The issue of these Shares is subject to receipt of the prior approval of Shareholders at the General Meeting to be held after the Record Date.
2. The issue of these Shares is subject to receipt of the prior approval of Shareholders at the General Meeting to be held after the Record Date.
3. The issue of these Shares is subject to receipt of the prior approval of Shareholders at the General Meeting to be held after the Record Date.
4. It is proposed that these Shares be issued to Directors in lieu of director fees owing. The issue of these Shares is subject to receipt of the prior approval of Shareholders at the General Meeting to be held after the Record Date.

Options

	Number
Options currently on issue:	
Unquoted exercisable at \$1.20 each on or before 19 December 2019	1,722,222
Unquoted exercisable at \$0.60 each on or before 28 December 2019	3,200,023
Unquoted exercisable at \$1.20 each on or before 20 December 2020	66,667
Unquoted exercisable at \$0.75 each on or before 20 December 2020	266,667
Unquoted exercisable at \$0.30 each on or before 11 January 2022	333,333
New Options to be issued:	
New Options to be issued to the Joint Lead Managers (Quoted, exercisable at \$0.065 on or before 31 December 2020) ¹	12,899,074
New Options offered pursuant to the Offer (Quoted, exercisable at \$0.065 on or before 31 December 2020)	34,495,370
New Options issued pursuant to Placement (Quoted, exercisable at \$0.065 on or before 31 December 2020) ²	8,461,539
New Options to be issued to current creditors (debt for equity conversion) (Quoted, exercisable at \$0.065 on or before 31 December 2020) ³	41,098,670
New Options to be issued in repayment of other debt (Quoted, exercisable at \$0.065 on or before 31 December 2020) ⁴	3,846,154
New Options to be issued for loan facilitation fees (Quoted, exercisable at \$0.065 on or before 31 December 2020) ⁵	714,286
Total Options on issue after completion of the Offer and assuming all Shareholder approvals received at the General Meeting	107,104,005

Notes:

1. The issue of these New Options is subject to receipt of the prior approval of Shareholders at the General Meeting to be held after the Record Date.

2. Refer to Section 4.2 for details of these Options to be issued pursuant to the Placement.
3. The issue of these New Options is subject to receipt of the prior approval of Shareholders at the General Meeting to be held after the Record Date.
4. The issue of these New Options is subject to receipt of the prior approval of Shareholders at the General Meeting to be held after the Record Date.
5. The issue of these New Options is subject to receipt of the prior approval of Shareholders at the General Meeting to be held after the Record Date.

Performance Shares

	Number
Performance Shares currently on issue	3,777,809
Performance Shares offered pursuant to the Offer	Nil
Total Performance Shares on issue after completion of the Offer¹	0

Note:

1. 2,222,251 Vendor Performance Shares due to convert into Shares on a 1:1 basis after the Record Date. 1,555,558 Incentive Performance Shares will lapse in accordance with their terms as the relevant milestones have not been achieved.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 128,544,955 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised or Performance Shares converted prior to the Record Date and issue of all Shares contemplated by this Section 5.4) would be 296,732,847 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

5.5 Details of substantial holders

Based on information available as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Fan Cheung	16,666,667	16.05
Steven Chen	6,359,444	6.13
John Kolenda	17,620,932	14.59
Ben Collier	8,097,208	7.80
Magnolia Equities III Pty Ltd	9,230,770	7.65
Honan Insurance Group Pty Ltd	7,692,308	6.37
Shad Hassen	6,727,240	6.48

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of

the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6.2 New Options

(a) **Entitlement**

Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each New Option will be \$0.065 (**Exercise Price**).

(c) **Expiry Date**

Each New Option will expire at 5:00pm (WST) on 31 December 2020 (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under (g)(i) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

(k) **Change in exercise price**

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

(l) **Quoted**

The Company will apply for quotation of the New Options on ASX.

(m) **Transferability**

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

7. RISK FACTORS

7.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised or Performance Shares converted prior to the Record Date the number of Shares in the Company will increase from 120,733,792 currently on issue to 189,724,531. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.064 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(b) Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its real estate growth activities as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(c) Debt financing

The Company currently has existing debt facilities totalling approximately \$12.6 million provided by Macquarie Bank Limited (**Macquarie**) which

holds first ranking registered security over all present and future assets of the Company and its subsidiaries.

Existing terms under the current Macquarie facilities remain unchanged until 30 September 2019, at which time any extension under existing terms may be negotiated with Macquarie and subject to its credit approval processes.

The Company is currently in discussions with multiple lenders including Macquarie in the negotiation for either the extension or refinancing of its existing facilities.

In the event of any change or refinancing of the existing facilities, the terms and facility limits will be subject to variation and may include new covenants and/or amendments to fees or pricing which may be more financially onerous for the Company.

(d) **Conversion of debt**

The Company notes that, as set out in the Notice of General Meeting, the Company is seeking Shareholder approval for the issue of Shares and Options to related and unrelated parties for the conversion of debt of approximately \$6,300,000. If Shareholder approval is not obtained for the proposed Security issues, the Company will need to renegotiate repayment of this debt with the creditors.

(e) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on their senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment or if one or more of the directors of the Company leaves the Board.

(f) **Lenders' willingness to employ third-party distribution channels**

The Company's mortgage business and the mortgage broking industry generally, is reliant on lenders' willingness to employ third-party distribution channels as a means of marketing their loan products. Depending on the relative cost of other distribution methods in the future, lenders may also decide to decrease their reliance on (or not to use) third-party channels, develop competing distribution channels or reduce current upfront or trail commission terms, any of which would have a significant adverse effect on the industry generally and on the Company. The Company is also reliant on receiving access to competitive products from the Finsure Lending Panel (a suite of lending institutions in Australia) to enable brokers to attract customers in an increasingly competitive mortgage market. There can be no assurance that Finsure Lending Panel will continue to be able to access competitive products.

(g) **Supplier risk**

The Company sources a number of products and services from outsourced suppliers. Examples include mortgage aggregator services through Finsure. Any material changes in trading terms and/or supply from outsourced suppliers may impact the Company's ability to provide

the current suite of products and services to its customers at the current pricing and gross margin on mortgage lines.

(h) **Technology risk**

The Company's real estate business "The Agency" is built around technology that gives the Company's sales representatives the ability to work from any location with a few large regional offices for support. Any interruption to the daily service, operation and maintenance of this technology plus failure or delay continuing to develop new functionality to the technology may have a material impact on the Company's current and future revenues. The Company also relies on a number of management information systems to enable the efficient running of the business. Whilst standard back-up, storage and recovery procedures are implemented, including offsite storage of back-up data, any event that causes harm or destroys the original and back-up data may have a material impact on the Company's ability to maintain continuous operations for the period of time required to remedy the cause of business interruption.

(i) **Security risk**

The Company relies upon the security of its management information systems, payment systems, website and client database. Any breaches of security including cyberattacks to the website or database that may cause damage, loss of operation or access to customer records by unauthorised parties could cause material impact or interruption to the Company's continuous operation and therefore financial results. Damage, loss or misuse of client records may cause a loss of confidence in the Company by its clients as well as reputational damage.

(j) **Customer service**

Ausnet relies upon both the continuous operation of its website as well as the ability to provide an acceptable level of customer assistance and service via its own staff and/or outsource providers. Any event that causes customer service to fall to inadequate or unacceptable levels may cause reputational damage and consequently a reduction in the Company's ability to retain existing customers and attract new customers. Any loss of existing or new customers will impact the Company's revenues.

(k) **Infringement of Intellectual Property Rights**

Should the Company be accused of infringing a third-party's intellectual property rights or trademarks and commence legal proceedings against the Company, the Company may incur significant costs in defending such proceedings, regardless of the outcome. Defending legal proceedings can often be defocusing for management and possibly other staff, which may divert their attention from the optimal management of the Company and results. Should a third-party obtain injunctive or other relief, it may prevent the Company from further use of the related intellectual property or trademark. Should such litigation be successful, the Company may also be caused to pay damages to the third-party and incur additional cost in the future to use or replace the functionality of the related intellectual property or trademark.

(l) **IT systems**

The Company's ability to manage service and pay its client database is dependent on its information technology systems (including its customer relationship management software) and relationships with service providers. Interruptions, failure or delay in the provision of services could severely impact the business operations of the Company as damaging the Company's reputation. Any issues with Ausnet's information technology systems may also impact on the Company's operational capabilities and financial performance.

(m) **Dependency on Licences for financial services businesses**

The Company's mortgage broking and financial services businesses are dependent on relevant government licences and can be revoked if certain conditions are breached. If these licences were revoked, this would have an adverse effect on revenue for these business units.

(n) **Reliance on external software providers**

The Company's mortgage business is reliant on software provided by Finsure to facilitate their business (including its customer relationship management software). There is a risk that a transfer to a new aggregator, and with it, new software systems, could cause some disruption to the business.

7.3 Industry specific

(a) **Competition risks**

The Company operates in a highly competitive market. Therefore, it faces the risk that increasing levels of competition, including competition from business models using new technology platforms, could result in, among other things, the Company foregoing a greater proportion of its profit margin to retain volumes of mortgages written, reduced upfront commissions and trail commissions and changes to the structure of upfront commissions and trail commissions by lenders (such as the replacement of trail commissions with up-front commissions). This may result in reduced revenue, reduced operating margins and a loss of market share, which may have a material adverse effect on the Company's business, operating and financial performance and position and future prospects.

(b) **Importance of licences for the Company's core business activities**

The Company currently holds an Australian credit licence (**ACL**) to engage in mortgage broking activities, in order to conduct its business. This licence enables the Company to engage and facilitate mortgage activities. Compliance with the obligations of the licences is the responsibility of the licensee. If the Company does not comply with the conditions of their licences or meet regulatory requirements, it could be subject to penalties, more onerous licence conditions and the imposition of licence restrictions for the loss of that licence. If the Company is unable to retain its licence or has restrictions imposed on this licence, it may not be able to continue to operate its business, or aspects of its business, in its current form. This would have a material adverse impact on the financial performance and position of the business.

(c) **Regulatory risks**

In Australia, the mortgage broking industry is primarily regulated by ASIC and the National Consumer Credit Protection Act 2009 (Cth) (**NCCP Act**). The industry is also subject to a variety of other laws including privacy, financial transaction reporting and money laundering. If the Company does not meet regulatory requirements, such as various responsible lending obligations under the NCCP Act, it may suffer penalties or the ability to maintain its current ACL. Therefore, the Company's operating activities may be affected, which is likely to have a material impact on the Company's business and financial performance. These penalties may include (but are not limited to): fines, compensation, and cancellation or suspension of authority to carry on business. In addition, the regulatory framework governing the mortgage broking industry is subject to change. This could have an impact on the mortgage broking industry or on the Company's operations. Depending on the nature of any such changes, they may adversely impact the operations or future financial performance of the Company. The repercussions of the Banking Royal commission are still unknown from a regulatory perspective as well as the effect it may have on the availability of credit. A tightening of the availability of credit may cause an adverse effect on the real estate market.

(d) **Conduct of mortgage brokers and credit representatives**

The Company's mortgage business faces a number of risks arising from the conduct of mortgage brokers. It is noted that under the NCCP Act, the Company is liable to customers for any loss or damage they suffer as a result of a mortgage broker's conduct. This applies to conduct that relates to credit activity on which the customer could reasonably be expected to rely and in fact relied in good faith. Where the Company is responsible for the conduct of its credit representative, the customer has the same remedies against the Company as it has against the credit representative. This means that customers can take action against the Company in respect of a mortgage broker's conduct.

7.4 **General risks**

(a) **Interest Rates**

Australian consumers and residential borrowers currently enjoy historically low interest rates which have contributed to the growth of the Company's loan book. In the event interest rates significantly increase, potential borrowers' willingness and ability to borrow may be greatly reduced and the volume of loans settled could significantly decrease, affecting the Company's loan book and the associated financial performance of the Company.

(b) **Funding Risks**

If the Company incurs unexpected costs or is unable to generate sufficient operating income, further funding may be required. The Company may require additional funding to carry out the full scope of its plans.

The Company's ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet

any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds. The Company may seek to raise further funds through equity or debt financing or other means. Failure to obtain sufficient financing for the Company's activities may result in delay and indefinite postponement of the development of key software products or sales and marketing activities. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issue and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

The Company is exposed to risks associated with its financial instruments (consisting of cash, receivables, accounts payable and accrued liabilities due to third parties from time to time). This includes the risk that a third-party to a financial instrument fails to meet its contractual obligations; the risk that the Company will not be able to meet its financial obligations as they fall due; and the risk that market prices may vary which will affect the Company's income.

(c) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's business activities and potential research and development programmes, as well as on their ability to fund those activities. The real estate markets in Western Australia, New South Wales, Victoria and Queensland have been declining and the rate of decline is unknown with both number of transactions reducing and values of properties. The Agency operates in all these markets.

(d) **Insurance risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, such insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company effected.

(e) **Litigation risks**

The Company is exposed to possible litigation risks. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(f) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology related stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
2 September 2019	Financial Results – Strong financial and operational growth
2 September 2019	Appendix 4E & Preliminary Final Report
23 August 2019	Notice of General Meeting / Proxy Form
22 August 2019	Ceasing to be a substantial holder
19 August 2019	Change in substantial holding
9 August 2019	Revised Appendix 3B
9 August 2019	Becoming a substantial holder
7 August 2019	Becoming a substantial holder
7 August 2019	Becoming a substantial holder
1 August 2019	Appendix 3B & S708A Cleansing Notice
1 August 2019	Appendix 4V – Quarterly and Commentary
30 July 2019	Market Update – Indicative Timetable
24 July 2019	\$5.6m raised & \$5.8m of debt to convert – growth on track
22 July 2019	Trading Halt
10 July 2019	June Quarter Update
17 June 2019	Significant growth across key metrics & opens 2 new offices
30 April 2019	Market Update Presentation
30 April 2019	Appendix 4C - Quarterly and commentary
16 April 2019	AO1: Inspector360 set for trial with leading property agency
12 April 2019	Strong Quarter for The Agency Group
1 March 2019	Half Year Accounts - Amended
1 March 2019	Half Year Results Commentary

Date	Description of Announcement
1 March 2019	Half Year Accounts
1 March 2019	Appendix 4D
20 February 2019	Initial Director's Interest Notice
20 February 2019	Final Director's Interest Notice
18 February 2019	Appointment of new interim Chairman
13 February 2019	Change of Director's Interest Notice - amended
13 February 2019	Change of Director's Interest Notice
13 February 2019	Change of Director's Interest Notice
31 January 2019	Appendix 4C - Quarterly and commentary
31 January 2019	Letter to Shareholders
30 January 2019	Response to Appendix 3Y Query
29 January 2019	Becoming a substantial holder
29 January 2019	Becoming a substantial holder
25 January 2019	Becoming a substantial holder
25 January 2019	Becoming a substantial holder
25 January 2019	Becoming a substantial holder
24 January 2019	Becoming a substantial holder
24 January 2019	Initial Director's Interest Notice
24 January 2019	Change of Director's Interest Notice x 4
17 January 2019	Appendix 3B
17 January 2019	Reinstatement to Official Quotation
17 January 2019	Completion of Top Level acquisition
17 January 2019	Extension of voluntary suspension
15 January 2019	Suspension from Official Quotation
11 January 2019	Trading Halt
11 January 2019	Pause in Trading
27 December 2018	Release of escrow
21 December 2018	Grant of ASX Listing Rule Waiver
21 December 2018	Revised timetable for settlement with Top Level
17 December 2018	Update on Top Level transaction
13 December 2018	Revised timetable for Bonus Issue and Appendix 3B
10 December 2018	Market Update
4 December 2018	Consolidation and Bonus Issue Update
28 November 2018	The Agency to become a national brand
28 November 2018	Results of AGM
28 November 2018	Results of adjourned meeting
20 November 2018	Appendix 3B

Date	Description of Announcement
20 November 2018	Prospectus
15 November 2018	Vicus acquisition approved and Bonus Share issue update
15 November 2018	Results of Meeting
14 November 2018	Addendum to the Notice of Meeting/proxy form
14 November 2018	Top Level Acquisition Update
14 November 2018	Update - Consolidation/Split - AU1
31 October 2018	Appendix 4C – Quarterly and commentary
26 October 2018	Notice of Annual General Meeting/Proxy Form
22 October 2018	Consolidation/Split - AU1
17 October 2018	Notice of General Meeting/Proxy Form
17 October 2018	Letter to Optionholders – Bonus Issue
17 October 2018	Bonus Issue and Appendix 3B
1 October 2018	Appendix 4G
1 October 2018	Annual Report to Shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.theagencygroup.com.au.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.095	17 June 2019
Lowest	\$0.061	9 August 2019
Last	\$0.064	29 August 2019

8.4 Lead Manager Mandate

Patersons and Aura Capital (**Joint Lead Managers**) have entered into a mandate with the Company whereby Patersons and Aura were appointed to act as Joint Lead Managers to the Offer (**Mandate**).

Pursuant to the Mandate, the Company has agreed to pay the Joint Lead Managers the following:

- (a) Corporate fee: Patersons will receive a \$50,000 payable 50% on commencement of the Prospectus preparation and 50% on completion of the Placement and the Offer (**Capital Raisings**);

- (b) Issue Management Fee: 2% of the total gross amount raised in the Capital Raising, (excluding any proceeds from the issue of shares in repayment for exiting debts);
- (c) Firm Commitment Fee: 5% of the gross amount of firm commitments by the Joint Lead Managers in the Capital Raisings, (excluding any proceeds from the issue of shares in repayment for exiting debts);
- (d) Selling Fees: 5% of the gross amount raised in the placement of Shortfall in excess of the firm commitment amount (if any) by the Joint Lead Managers, excluding any proceeds from the issue of Shares in repayment for exiting debts.
- (e) Broker Options: Subject to receipt of prior Shareholder approval, the Joint Lead Managers (or their nominees) will be issued with Options as follows:
 - (i) 2,100,000 Options to Patersons (or its nominee); and
 - (ii) 3,900,000 Options to Aura (or its nominees).
- (f) Firm Commitment Options: Subject to receipt of prior Shareholder approval, one Option for every 10 Shares subject to a Firm Commitment in the Offer (totalling up to approximately 6,899,074 Options).

The Company has agreed not to offer, sell or market, contract to sell, otherwise dispose of or announce the sale, directly or indirectly, of any Shares or other securities which are convertible into or exchangeable or contain the right to acquire Shares, without the prior written consent of Patersons and Aura for a period of three months commencing on the closing date of the Offer.

Adam Davey, a Non-Executive Director of the Company, is a Director, Wealth Management, at Patersons Securities Limited.

8.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or

(ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

Director	Shares	Options	Performance Shares	Entitlement	\$
Andrew Jensen	80,415 ¹	Nil	Nil	45,951	\$2,987
John Kolenda	17,620,932 ²	Nil	266,667 ³	10,069,104	\$654,492
Adam Davey	917,144 ⁴	338,095 ⁵	266,667 ⁶	524,082	\$34,065
Paul Niardone	1,592,062 ⁷	Nil	116,237 ⁸	909,750	\$59,134
Matthew Lahood	5,412,369 ⁹	Nil	Nil	3,092,782	\$201,031

Notes:

1. Consisting of 48,249 Shares held indirectly by A Jensen and K Jensen <A&K Jensen Super Fund A/C> and 32,166 held by Mr Jensens' spouse.
2. Comprising 7,987,599 Shares held indirectly by Daring Investments Pty Ltd and 9,633,333 Shares held by Daring Investments Pty Ltd <Kolenda Family A/C>.
3. Held directly by Mr Kolenda.
4. Comprising 32,516 Shares held indirectly by Court Securities Pty Ltd, 135 Shares held by A Davey <Tony Leibowitz & Noah Davey>, 16,108 Shares held by A Davey & M Davey <The Davey Super Fund A/C>, 108 Shares held by A Davey <Shenton Park Investments A/C> and 55 Shares held by Mr Davey's spouse.
5. 4,762 Options held indirectly by Court Securities Pty Ltd and exercisable at 30 April 2019 and 333,333 Options held indirectly by A Davey <Shenton Park Investments A/C> and exercisable at 11 January 2022.
6. Held directly by Mr Davey.
7. Comprising 1,391,269 Shares held indirectly by Trindis Pty Ltd, 56 Shares held by Mr Niardone's spouse and 84,500 Shares held by Asset Corporate & Investor Relations Pty Ltd.
8. Held indirectly by Trindis Pty Ltd.
9. Comprising 5,105,702 Shares held indirectly by Teldar Real Estate Pty Ltd <MJ Lahood Family A/C> and 329,805 Shares held indirectly by BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP>.

The Board recommends all Shareholders take up their Entitlement. If Mr John Kolenda elects to accept his Entitlement, he will only do so to the extent that his voting power in the Company would be as close to, but not exceeding, 20%.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in

general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the annual remuneration paid to both executive and non-executive Directors inclusive of superannuation for the past financial year and the proposed remuneration for financial year 2019.

Director	Financial year ending 30 June 2018	Financial year ending 30 June 2019
Andrew Jensen	Nil	\$60,000
John Kolenda	\$48,000	\$48,000
Adam Davey	\$48,000	\$48,000
Paul Niardone	\$347,576	\$325,000
Matthew Lahood	Nil	\$500,000

8.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Patersons Securities Limited will be paid fees of approximately \$120,000 and, subject to receipt of Shareholder approval, Aura (or its nominees) will be issued with 2,100,000 Options, in respect of this Offer. Patersons Securities Limited will also be paid \$50,000 for corporate advisory services provided to the Company. During the 24 months preceding lodgement of this Prospectus with the ASIC, Patersons Securities Limited has been paid fees totalling \$151,984 by the Company.

Aura Capital Pty Ltd will be paid fees of approximately \$195,000 and, subject to receipt of Shareholder approval, Aura (or its nominees) will be issued with 3,900,000 Options, in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Aura Capital Pty Ltd has been paid fees totalling \$506,104 by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$579,433 (excluding GST and disbursements) for legal services provided to the Company.

8.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Patersons Securities Limited has given, and at the time of lodgment of this Prospectus, has not withdrawn its consent to be named as Joint Lead Manager to the offer of securities under this Prospectus, in the form and context in which it is named.

Patersons Securities Limited was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus. Patersons Securities Limited makes no express or implied representation or warranty in

relation to The Agency Group Australia Limited, this Prospectus or the offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Patersons Securities Limited. To the maximum extent permitted by law, Patersons Securities Limited expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

Aura Capital Pty Ltd has given its written consent to being named as Joint Lead Manager to the Offer in this Prospectus, in the form and context in which it is named;

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.8 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer and the Placement are estimated to be approximately \$406,309 (excluding GST and based on the full subscription) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	13,698
Lead Manager fees	363,905
Legal fees	20,000
Printing and distribution	5,000
Miscellaneous	500
Total	<u>406,309</u>

8.9 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 6380 2555 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.theagencygroup.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.12 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



PAUL NIARDONE
MANAGING DIRECTOR
For and on behalf of
THE AGENCY GROUP AUSTRALIA LTD

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Aura Capital means Aura Capital Pty Ltd (ACN 143 700 887) (AFSL 366230).

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means The Agency Group Australia Ltd (ACN 118 913 232).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

General Meeting means the general meeting of Shareholders to be held on 23 September 2019.

Joint Lead Managers means Patersons and Aura Capital.

New Option means an Option issued on the terms set out in Section 6.2.

Notice of General Meeting means the Company's notice of general meeting dated 22 August 2019 for the General Meeting.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Patersons means Patersons Securities Limited (ACN 008 896 311) (AFSL 239 052).

Placement has the meaning given to that term in Section 4.2.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Securities means Shares and/or New Options offered pursuant to the Entitlement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.10.

Shortfall Securities means those Securities issued pursuant to the Shortfall.

WST means Western Standard Time as observed in Perth, Western Australia.