

## ASX ANNOUNCEMENT

9 September 2020

# Strategic partnership formed as part of \$3.6M West Coast rent roll sale

## Highlights

- **The Agency (West Coast) rent roll to be sold for ~A\$3.6 million to private company Managex Funds Management Pty Ltd, a company recently established by John Poynton and Kim Slatyer,**
- **Strategic partnership significantly strengthens The Agency balance sheet and provides platform for growth without increasing debt or diluting shareholders,**
- **Managex is looking at further rent roll acquisitions with The Agency to have access to acquired sales teams,**
- **Managex to licence The Agency brand (in WA) for property management business and refer sales leads to The Agency, with The Agency referring property management leads to Managex,**
- **Strategic asset sale with continued sales referrals increases The Agency focus on developing a strong sales pipeline through attracting quality agents,**
- **The Agency reaffirms its commitment to East Coast property management business, which remains integral to the Company,**
- **Sale proceeds to be applied to primary bank debt, and**
- **Transaction is expected to be completed by end Q3 CY2020.**

The Agency Group Australia (ASX:AU1) (“The Agency” or “the Company”) is pleased to announce the forming of a strategic partnership with Managex Funds Management Pty Ltd (“Managex”), a private company chaired by Future Fund Board member and Crown Perth Chairman John Poynton.

Under the terms of a binding sales agreement, Managex has agreed to purchase The Agency’s West Coast rent roll business (1,173 managements) for ~\$3.6 million. The sales agreement does not include The Agency Group’s East Coast property management business which consisted of 3,665 properties under management (PuM) at end of June 2020.

The sale of the West Coast rent roll business will strengthen the Company’s balance sheet and provide the platform for growth, without increasing debt or diluting shareholders.

Under a licence agreement, Managex will use The Agency Group brand in WA with a focus on retaining property management staff. The Agency has agreed to accommodate Managex at its Perth office.

As part of the transaction, a reciprocal referral agreement will be entered into by both parties whereby all sales leads that come from Managex be referred in first instance to The Agency while all WA property management leads from The Agency will be referred to Managex.

The parties will proactively work together to identify future acquisition opportunities. The strategic partnership will drive sales teams and additional property sales from the Managex acquired rent rolls to the Agency.

On the formation of the strategic partnership and the sale of the West Coast rent roll, The Agency Group's Managing Director Paul Niardone, said *"The sale of our WA rental roll business is a positive for us, improving our balance sheet and facilitating greater alignment to our core business."*

*"The Agency continues to develop its unique business model which attracts and incentivises the best real estate sales talent. This sale increases our focus on developing this model while simultaneously increasing our referral power and overall business flexibility."*

*"The benefit to our sales agents is that they will have access to a larger pool of sales leads from the growing Managex owned rent roll and they will also be rewarded for referrals of property managements."*

Managex Managing Director Kim Slatyer added, *"Managex aims to acquire, aggregate and manage Australian residential rent rolls. This partnership with The Agency is the first in a pipeline of acquisitions for Managex. We are well funded and have the operational expertise to aggressively expand in what we see as a growth market."*

*"Our strategic alignment with The Agency ensures we have a strong referral partner committed to growing our respective businesses."*

Managex secured debt funding for the acquisition from Judo Bank which recently established an office in Perth headed up by Managing Director Ben Tuszynski.

Judo Bank is focused on small and medium-sized enterprise lending and has a strong focus on customer relationships and proactively assisting companies like Managex, to complete transactions efficiently.

The transaction is expected to be completed by end Q3 CY2020.

Proceeds from the sale will be applied to primary bank debt.

This announcement has been released with the approval of the Agency Group board.

**Ends**



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