

ASX MARKET RELEASE

Review of Financial Results and Operations

Ausnet Financial Services (AU1) continues stellar growth as

“The Agency” doubles in size and grabs market share

Highlights

- **Group Revenue up 44.7%**
- **The Agency starts national expansion opening in NSW with recognised industry leaders**
- **The Agency achieves REIWA Top Office ranking in WA for month of July for volume and value of sales grabbing 3% market share**
- **The Agency number of settlements increases 263%**
- **The Agency gross commission increases 145%**
- **Strong internal referral rates continuing**
- **Purchases Beaufort Realty adding 430 property managements and highly respected sales team**

The past twelve months have been pivotal to Ausnet and we have achieved a great deal.

Most notably, we listed on the ASX on 28 December 2016 having successfully completed a reverse take-over transaction with Namibian Copper NL (NCO) and a raise of \$5.8m.

This is a truly transformative event. It has not only ensured the company was suitably capitalised to meet its well thought out expansion objectives, within and outside of the Western Australian market where the company was formed, but in our view, also validated the disruptive real estate model Ausnet has launched called “The Agency”.

Within months of listing we expanded into the East Coast launching “The Agency” in Sydney, having signed a licence agreement with Top Level Pty Ltd to use The Agency brand and IP exclusively in NSW. Top level was formed by a group of highly respected and experienced industry Executives and Sale Representatives that are nationally recognised, Ausnet also signed a 12-month option to buy Top Level Pty Ltd which expires on 30 Jan 2018.

The investment market had set 2 main bench marks for Ausnet to deliver and keep delivering. These were:

- 1) Demonstrate revenue growth via sales and the attraction of quality sales representatives,
- 2) Deliver the referral rates set to the ancillary businesses being the mortgage broking business and the settlement /conveyance business.

These targets were set at:

20% of all sales to be referred to the mortgage business (which is three times the industry rate); and 40% of all sales to be referred to the settlement business.

These targets were set in a WA real estate market that has contracted 9% in sales turn over and 9% in value of the average home and deemed by most experts as the worst real estate market in the country.

This decline along with the banks tightening of lending requirements also lead to the number of residential loan applications for WA declining an average of 12.5% since March 16 quarter.

Despite this Ausnet is pleased to report very strong growth and that targets set have all been met or exceeded with respect to our WA operations.

“The Agency” continued its stellar growth with the three main indicators of listings, settlements and gross commissions exceeding 100% growth.



Group Results

In terms of the Group the highlights are as follows:

Revenue

Revenue is up **44.7%**

	June 17	June 16	% change
Revenue	\$9.59 m	\$6,631m	+44.7%
Commissions	\$6.335m	\$3.725m	+70%
Fees	\$3.018m	\$2.858m	+ 6%

Total cashflow from operating activities was up **41%**

Reducing the net cash outflow from operations from (\$1.4m) in June 16 to (\$0.84m) in June 17.

In comparison to the prior years results, taking into account non-recurring costs, non-cash costs and costs associated with the ASX listing and maintenance of an ASX listed entity, the actual loss due to operations for the year was \$840k down on \$1.84m previous year.

A 54% improvement in operational results despite our expansion into NSW

Net Assets

The Net Assets increased from (\$1.43m) to \$2.67m.

These numbers do not include the off-balance sheet market value of the loan book which is estimated to have a market value of \$4m.

The company also has no bank finance and has not leveraged on the acquired rent roll from Beaufort, valued at approximately \$2M.

The Agency

“The Agency”, is a high quality disruptive real estate brand wholly owned by Ausnet. In the past 12 months, it has seen significant growth in agent numbers, listings and settlements.

In the month of July 2017, based on independent industry numbers produced by the Real Estate Industry of Western Australia ("REIWA"), the Agency was recognised as the Top Office by Value of Properties Sold and Top Office by Number of Properties Sold for Perth metro sales.

1573 properties were sold in Perth during July, with the Agency selling 54 properties, with a combined value of \$ 28,652,500.

For the June quarter, the Agency sold 187 properties from a total of 5497, giving “The Agency” a market share of 3.4%.

It is important to note that the real estate market both nationally and in WA is highly fragmented with the leading brand in WA Ray White holding approximately 10% for Perth Metro. (Note: REIWA does not capture private/online sales and non-members).

The Top Franchise Group, Ray White with 43 Branches/Offices sold 2086 properties for a value of \$841.4m.

Monthly Awards

Top Office by Number of Properties Sold

Offices & individuals will only be recognised for reiwa.com awards where sales prices are provided

July 2017

Rank	Branch/Office No	Agency	Suburb	No	Value
1	158903/0	The Agency WA	Doubleview	54	\$28,652,500
2	10976/0	Harcourts Alliance	Joondalup	49	\$27,285,500
3	14805/0	Sell Lease Property	Osborne Park	46	\$23,871,950
4	13530/0	Peard Real Estate Hilliarys	Hilliarys	40	\$25,311,500
5	158581/0 ^	Summit Realty South West	Bunbury	29	\$9,944,000
6	14223/0	RE/MAX Extreme	Currambine	28	\$14,168,000
7	14474/0	Harcourts Mandurah	Mandurah	28	\$11,904,500
8	14096/0	Attree Real Estate	Southern River	27	\$14,725,750
9	13536/0	Platinum Realty Group	Ocean Reef	25	\$13,963,500
10	10133/0	Professionals Stirling Clark	Forrestfield	24	\$11,046,500

Overall “The Agency” Office finished **6th** in the REIWA Office ranking for the year, in only its 2nd full year of operations.

With just on 50 sales representatives The Agency sold 366 properties for \$229m.

(Of which 12 sales representatives only joined in the last month and are still to be fully integrated)

As a comparison, the top office which was established 6 years ago, with 141 sales representatives sold 627 properties for \$308m.

Meaning that the office that finished on top had three times the number of sales representatives and sold only 30% more in dollar value.

Since launching “The Agency” brand in Western Australia, the company set and achieved its target of securing +50 high quality and respected Sales Agents by 30 June 2017.

The Agency has attracted, and it believes will continue to attract, significant interest from sales representatives wishing to join its business. As a Group, our 50 sales representatives are punching above their weight, out selling the Real Estate Offices with larger numbers of sales representatives in July.

Securing these sales representatives, who come to the business with a strong sales capability and network in the location in which they are based, are central to the successful expansion of the Agency model.

Highlights

	June 17	June 16	% increase
Listings	639	307	108%
Settlements	359	113	263%
Gross Commissions	\$4.71m	\$1.28m	145%



Referral Rates

	Mortgage referrals	Settlement referrals	Notes
Total Settlements	359	359	
Referrals	298	440	Due to both the buyer and seller being referred
% of settlements referred	83%	123%	
Conversion of referrals	21%	72%	

Deals from our Mortgage business are also converting at a rate of 10% into Financial Planning and General Insurance leads.

The Agency Year on Year

	June 17	June 16
Revenue	\$5m	\$2m
GP	\$884k	\$341k
Expenses	(\$1.38m)	(\$1.1m)
Add backs	\$371k	\$220k
Operating deficit	(\$125k)	(\$539)

(prior to head office management fee)

In March Ausnet concluded the acquisition of Beaufort Realty. The business had 430 property managements which has now grown to 450.

Beaufort Realty numbers for 3 months April to June 2017 were;

Sales Revenue:	\$ 314k
Property Management Revenue:	\$ 152k
Operating Profit after Tax:	\$ 92k

These numbers are ahead of expectation and will be incorporated into “The Agency” numbers going forward.

Top Level

In January 2017 Ausnet entered into a Licence and Option to Acquire agreement, with Sydney based real estate business Top Level Real Estate Pty Ltd (“Top Level”).

Not only does this agreement provide Ausnet with immediate expansion of “The Agency” on to the east coast of Australia, but it also sees us working with some of the most highly skilled real estate professionals in the country.

The agreement, in the view of the Board, will contribute greatly to the growth and expansion of the business. Under the agreement with Top Level Pty Ltd Ausnet accrues a 3% license fee for the use of the brand and IP, with an option to purchase the company for a pre-agreed consideration at any time before 31 January 2018.

As at 30th June Top Level had achieved the following numbers in only 4 months:

Agents recruited -	32
Agents confirmed not started -	45
Agents from Acquisitions -	18
Total Gross Commissions -	\$4.15m
Total Settlements -	97
Property Managements -	65

As reported in June, Top Level Pty Ltd completed its first acquisition, "Province" in the lower North Shore of Sydney.

The acquisition added approximately 1,150 property managements and 18 sales representatives to the Top Level business. This acquisition partially completed the condition precedent to the Option Agreement, that if exercised would see Ausnet acquire the Top Level business.

It is anticipated that Top Level will sign the second acquisition that is part of the condition precedent over the coming weeks.

About Ausnet

Ausnet consists of a group of successful businesses which deliver finance broking, real estate services, settlement services, property management (2017), project marketing, insurance and financial planning initially to the Western Australian market with an aim to be rolled out nationally.

This model has been created to build the core asset being a loan book currently at ~\$1.1 billion by cross referring clients between business units. The largest growing referral area has been built on a highly successful and disruptive real estate agency model named "The Agency". The agents have been referring ~60% of all sales for financing broking.

Ausnet is aiming to recruit ~100 sales representatives to "The Agency" in Western Australia that will eventually deliver over 1000 property transactions per year with the aim of converting into cross sales for mortgages, settlements and insurance. Each sales representative that joins Ausnet not only add sales activities but also on average bring in a database of ~2000 clients. Ausnet's target is to have ~600 sales representatives nationally.

The Company is also backed by Finsure Group, one of Australia's fastest growing retail finance brokerages writing over \$1 billion in new mortgages every month across 850 brokers.

Corporate website: www.ausnetrealestateservices.com.au
The Agency website: www.theagency.com.au

Investors

Ausnet Financial Services Ltd
Paul Niardone
T: +61 08 9204 7955
paul@ausnetrealestate.com.au