

THE AGENCY GROUP AUSTRALIA LTD

ACN 118 913 232

PROSPECTUS

For the offer of:

- (a) 100,000,000 Shares at an issue price of \$0.02 per Share to raise \$2,000,000 (together with one free attaching Placement Option for every one Share subscribed for and issued, being 100,000,000 Placement Options) with the right to accept oversubscriptions of up to a further 50,000,000 Shares at an issue price of \$0.02 per Share to raise up to a further \$1,000,000 (together with one free attaching Placement Option for every one Share subscribed for and issued, being 50,000,000 Placement Options) (**Placement Offer**);
- (b) 2,000,000 PAC Tranche 1 Options and 8,000,000 PAC Tranche 2 Options (**PAC Partners Offer**); and
- (c) up to 20,000,000 Adviser Options (**Adviser Offer**).

IMPORTANT NOTICE

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

The Shares and Options offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Philip Re
Non-Executive Chairman

Mr Paul Niardone
Managing Director

John Kolenda
Non-Executive Director

Adam Davey
Non-Executive Director

Company Secretary

Stuart Usher

Share Registry*

Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009

Registered Office

Suite 1, 437 Roberts Road
Subiaco WA 6008

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Email: info@ausnetrealestate.com.au

Lawyers

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

Lead Manager to the Placement Offer

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

Auditors*

Bentleys
Level 3
216 St Georges Terrace
Perth WA 6000

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

2. TIMETABLE

Lodgement of Prospectus with the ASIC and ASX	14 December 2017
Opening Date of the Offers	14 December 2017
Closing Date of the Offers*	31 January 2018

* The Directors reserve the right to extend the Closing Date at any time after the Opening Date without notice.

3. IMPORTANT NOTES

This Prospectus is dated 14 December 2017 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.

The expiry date of the Prospectus is 13 months after the date the Prospectus was lodged with the ASIC. No Shares or Options will be issued on the basis of this Prospectus after the expiry date.

The Offers are only available to those who are personally invited to accept the relevant Offer. Applications for Shares and Options offered pursuant to this Prospectus can only be submitted on the relevant original Application Form which accompanies this Prospectus.

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 Shares or Options 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 Shares pursuant to this Prospectus.

3.2 Overseas Investors

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus.

3.3 Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representations not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information in this Prospectus.

4. DETAILS OF THE OFFERS

4.1 The Offers

Placement Offer

100,000,000 Shares at an issue price of \$0.02 per Share to raise \$2,000,000 (together with one free attaching Placement Option for every one Share subscribed for and issued, being 100,000,000 Placement Options) with the right to accept oversubscriptions of up to a further 50,000,000 Shares at an issue price of \$0.02 per Share to raise up to a further \$1,000,000 (together with one free attaching Placement Option for every one Share subscribed for and issued, being 50,000,000 Placement Options).

The Placement Offer will only be extended to specific parties. Application Forms will only be provided by the Company to these parties.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

The Placement Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.2(a). All Shares issued on conversion of the Placement Options will rank equally with the Shares on issue at the date of this Prospectus.

The Company will issue the Securities the subject of the Placement Offer on a progressive basis. The Company will issue approximately 96,000,000 Shares and 96,000,000 Placement Options initially, with the balance of the Securities the subject of the Placement Offer to be issued once Shareholder approval for the issue is obtained.

PAC Partners Offer

Under this Prospectus, the Company invites PAC Partners Pty Ltd (or its nominees) to apply for 2,000,000 PAC Tranche 1 Options and 8,000,000 PAC Tranche 2 Options.

Shareholder approval for the issue of the PAC Tranche 1 Options and PAC Tranche 2 Options was obtained at the Company's annual general meeting held on 28 November 2017.

The PAC Partners Offer will only be extended to specific parties. Application Forms will only be provided by the Company to these parties.

The PAC Tranche 1 Options and PAC Tranche 2 Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.2(b) and 6.2(c). All Shares issued on conversion of the PAC Tranche 1 Options and PAC Tranche 2 Options will rank equally with the Shares on issue at the date of this Prospectus.

Adviser Offer

Under this Prospectus, the Company invites entities identified by Patersons Securities Limited to apply for up to 20,000,000 Adviser Options.

The Adviser Offer will only be extended to specific parties. Application Forms will only be provided by the Company to these parties.

The Adviser Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.2(d). All Shares issued on conversion of the Adviser Options will rank equally with the Shares on issue at the date of this Prospectus.

4.2 Opening and Closing Date of the Offers

The Opening Date of the Offers will be 14 December 2017 and the Closing Date for the Offers will be 4:00pm AWST on 31 January 2018.

The Directors reserve the right to close the Offers early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

4.3 Minimum Subscription

The minimum subscription in respect of the Placement Offer is \$1,920,000. No Securities will be issued under the Placement Offer until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their application monies.

There is no minimum subscription for the PAC Partners Offer or the Adviser Offer.

4.4 Not underwritten

The Offers are not underwritten.

4.5 Lead Manager

The Company has appointed Patersons Securities Limited (**Lead Manager**) as lead manager to the Placement Offer. Details of the fees the Lead Manager will receive for its services are set out in Section 8.5.

4.6 Application for Securities

Applications for Securities must be made by investors at the direction of the Company and must be made using the relevant Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of \$0.02 per Share.

Completed Application Forms and accompanying cheques (if required) must be mailed or delivered to the Company as follows:

Delivery by hand	Delivery by post
The Agency Group Australia Ltd Attention: Mr Stuart Usher Suite 1 437 Roberts Road Subiaco WA 6008	The Agency Group Australia Ltd Attention: Mr Stuart Usher Suite 1 437 Roberts Road Subiaco WA 6008

4.7 ASX Listing

Application for Official Quotation of the Shares 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 Shares 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 Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

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

4.8 Issue

The issue of Shares and Options offered under the Offers will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares and Options 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 Shares and Options issued under the Offers will be mailed in accordance with the ASX Listing Rules.

4.9 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

4.10 Enquiries

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

5. PURPOSE AND EFFECT OF THE OFFERS

5.1 Purpose of the Offers

The purpose of the Placement Offer is to raise \$2,000,000 (oversubscriptions of up to a further \$1,000,000 may be accepted). No funds will be raised from the issue of the Placement Options, PAC Tranche 1 Options PAC Tranche 2 Options and Adviser Options. (**PAC Partners Offer**).

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

Item	Proceeds of the Placement Offer	Minimum Subscription (\$)	%	Oversubscription (\$)	%
1.	Acquisition of wholly-owned subsidiaries of– ServTech Global Holdings Ltd	950,000	49.5	950,000	31.7
2.	Acquisition – Rent Roll	400,000	20.8	400,000	13.3
3.	East Coast Expansions	200,000	10.4	500,000	16.7
4.	Expenses of the Placement Offer ¹	170,000	8.9	260,000	8.7
5.	Working capital ²	200,000	10.4	890,000	29.6
	Total	1,920,000	100	3,000,000	100

Notes:

1. Refer to Section 8.8 for further details relating to the estimated expenses of the Offers.
2. Working capital relates to payments to creditors, payments for agent on-boarding and further roll-out growth of The Agency WA operations.

In the event the Company raises more than the minimum subscription of \$1,920,000, the additional funds raised will be first applied towards expenses of the Placement Offer, followed by working capital. On completion of the Placement 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 Offers

The principal effect of the Offers will be to:

- (a) increase the cash reserves by \$2,740,000 (after deducting the estimated expenses of the Offers and assuming full oversubscription of the Placement Offer) immediately after completion of the Offers;
- (b) increase the number of Shares on issue from 587,793,034 as at the date of this Prospectus to 737,793,034 Shares following completion of the Placement Offer (assuming full oversubscription of the Placement Offer); and

- (c) increase the number of Options on issue from 80,742,739 as at the date of this Prospectus to 260,742,739 Options following completion of the Offers.

5.3 Pro-forma balance sheet

	Audited June 2017 \$	Proforma June 2017 \$
Current Assets		
Cash and cash equivalents	2,202,655	3,140,000
Trade and other receivables	1,451,188	1,451,188
Current tax asset	184,115	184,115
Total Current Assets	3,837,958	4,775,303
Non Current Assets		
Property, Plant and Equipment	78,595	78,595
Intangible Assets	3,201,441	3,201,441
Deferred Tax Asset	-	-
Total Non Current Assets	3,280,036	3,280,036
Total Assets	7,117,994	8,055,339
Current Liabilities		
Trade and Other Payables	4,058,364	4,058,364
Borrowings	6,117	6,117
Provisions	276,093	276,093
Total Current Liabilities	4,340,574	4,340,574
Non Current Liabilities		
Deferred tax liabilities	211,433	211,433
Provisions	127,673	127,673
Total Non Current Liabilities	339,106	339,106
Total Liabilities	4,679,680	4,679,680
Net Assets/(Liabilities)	2,438,314	3,375,659
Equity		
Contributed Equity	9,706,731	12,446,731
Reserves	476,195	476,195
Accumulated Losses	(7,744,612)	(9,547,267)
Total Equity/(Net Deficiency)	2,438,314	3,375,659

Note: A pro-forma adjustment of \$1,802,655 has been made to reflect operating cash-outflows from the period 1 July 2017 through to the date of this Prospectus.

The audited balance sheet as at 30 June 2017 and the unaudited pro-forma balance sheet as at 30 June 2017 shown above 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 no Options are exercised prior to the Closing Date and including expenses of the Offers.

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.

5.4 Effect on the capital structure

The effect of the Offers on the capital structure of the Company is set out below.

Shares

	Number
Shares currently on issue ^{1,2}	587,793,034
Shares offered pursuant to the Placement Offer	150,000,000
Total Shares on issue after completion of the Placement Offer³	737,793,034

Notes

1. Includes 44,563,622 Shares subject to escrow.
2. Includes 5,000,000 Shares issued on 19 May 2017.
3. Assumes full oversubscription of the Placement Offer. If the minimum subscription is raised under the Placement Offer, total Shares on issue after completion of the Placement Offer will be 683,793,034.

Options

	Number
Options currently on issue ¹ 24,076,072 quoted Options exercisable at \$0.15 on or before 30 April 2019 5,000,000 unquoted Options exercisable at \$0.15 on or before 30 April 2019 51,666,667 unquoted Options exercisable at \$0.04 on or before 19 December 2019	80,742,739
Options offered pursuant to the Placement Offer 150,000,000 unquoted Placement Options exercisable at \$0.02 on or before that date which is two years from the date of issue	150,000,000
Options offered pursuant to the PAC Partners Offer 2,000,000 unquoted PAC Tranche 1 Options exercisable at \$0.04 on or before that date which is three years from the date of issue 8,000,000 unquoted PAC Tranche 2 Options exercisable at \$0.025 on or before that date which is three years from the date of issue	10,000,000
Options offered pursuant to the Adviser Offer 20,000,000 unquoted Adviser Options exercisable at \$0.025 on or before that date which is three years from the date of issue	20,000,000
Total Options on issue after completion of the Offers¹	260,742,739

Notes

1. Assumes full oversubscription of the Placement Offer. If the minimum subscription is raised under the Placement Offer, total Options on issue after completion of the Placement Offer will be 206,742,739.

Performance Shares

	Number
Performance Shares on issue at date of Prospectus	113,333,334
Performance Shares offered pursuant to the Offer	Nil
Performance Shares on issue after completion of the Offers	113,333,334

5.5 Substantial Shareholders

Based on publicly available information 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	%
Finsure Holdings Pty Ltd	42,718,332	7.27%

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 to be issued 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 Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by an attorney; representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

(c) Issues of further Shares

The Directors may, on behalf of the Company, issue, grant options over unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

(d) Variation of Rights

Unless otherwise provided by the terms of issue of a class of shares and subject to the Corporations Act, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(e) **Transfer of Shares**

Subject to the Constitution, the Corporations Act and Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by any other method of transferring or dealing with Shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the Listing Rule. If the Directors decline to register a transfer, the Company must, within 5 business days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASX Settlement Operating Rules.

(f) **Dividends**

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (not credited) bears to the total amounts paid and payable (excluding amounts credited) in respect of such shares.

(g) **Dividend reinvestment and Share plans**

Subject to the requirements in the Corporations Act and the Listing Rules, the Directors may implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company).

(h) **Capitalisation of profits**

Subject to the Listing Rules and any rights or restrictions attaching to any class of shares, the Company may capitalise profits. Members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

(i) **Winding-up**

Subject to the rights of holders of shares with special rights in a winding-up and the Corporations Act, if the Company is wound up all monies and property that are to be distributed among Shareholders on a winding-up, shall be distributed in proportion to the Shares held by them respectively, irrespective of the amount paid-up or credited as paid-up on the Shares.

(j) **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.

(k) **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 Options

(a) **Placement Options**

(i) **Entitlement**

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

(ii) **Exercise Price**

Subject to paragraph (ix), the amount payable upon exercise of each Option will be \$0.02 (**Exercise Price**)

(iii) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on that date which is two (2) years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(iv) **Exercise Period**

The Options are exercisable at any time on and from the date which is 30 days following completion of the Placement Offer until the Expiry Date (**Exercise Period**).

(v) **Notice of Exercise**

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

(vi) **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 Option being exercised in cleared funds (**Exercise Date**).

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

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

- (A) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (B) 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
- (C) 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 Options.

If a notice delivered under (B) 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.

(viii) **Shares issued on exercise**

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

(ix) **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.

(x) **Participation in new issues**

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

(xi) **Change in exercise price**

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

(xii) **Transferability**

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

(b) **PAC Tranche 1 Options**

(i) **Entitlement**

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

(ii) **Exercise Price**

Subject to paragraph (ix), the amount payable upon exercise of each Option will be \$0.04 (**Exercise Price**).

(iii) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on that date which is three (3) years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(iv) **Exercise Period**

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

(v) **Notice of Exercise**

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

(vi) **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 Option being exercised in cleared funds (**Exercise Date**).

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

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

- (A) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (B) 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
- (C) 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 Options.

If a notice delivered under (B) 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.

(viii) **Shares issued on exercise**

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

(ix) **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.

(x) **Participation in new issues**

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

(xi) **Change in exercise price**

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

(xii) **Transferability**

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

(c) **PAC Tranche 2 Options**

(i) **Entitlement**

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

(ii) **Exercise Price**

Subject to paragraph (ix), the amount payable upon exercise of each Option will be \$0.025 (**Exercise Price**)

(iii) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on that date which is three (3) years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(iv) **Exercise Period**

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

(v) **Notice of Exercise**

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

(vi) **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 Option being exercised in cleared funds (**Exercise Date**).

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

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

- (A) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (B) 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

- (C) 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 Options.

If a notice delivered under (B) 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.

(viii) **Shares issued on exercise**

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

(ix) **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.

(x) **Participation in new issues**

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

(xi) **Change in exercise price**

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

(xii) **Transferability**

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

(d) **Adviser Options**

(i) **Entitlement**

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

(ii) **Exercise Price**

Subject to paragraph (ix), the amount payable upon exercise of each Option will be \$0.025 (**Exercise Price**).

(iii) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on that date which is three (3) years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(iv) **Exercise Period**

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

(v) **Notice of Exercise**

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- (A) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (B) 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
- (C) 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 Options.

If a notice delivered under (B) 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

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(xi) **Change in exercise price**

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

(xii) **Transferability**

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

7. RISK FACTORS

7.1 General

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 risks

(a) 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.

(b) 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.

(c) 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.

(d) **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.

(e) **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.

(f) **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.

(g) **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.

(h) **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.

(i) **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.

(j) **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 risks

(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 ACL licence 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.

(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.

(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 Investment speculative

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
14/12/2017	Reinstatement of Official Quotation
14/12/2017	Acquisition and Capital Raise
11/12/2017	Extension of Suspension
07/12/2017	Extension of Suspension
06/12/2017	Suspension from Official Quotation
04/12/2017	Trading Halt
28/11/2017	Results of AGM
22/11/2017	Investment in ServTech Global Holdings Ltd
22/11/2017	Investor Presentation
20/11/2017	Appendix 4C – Quarterly Cashflow and commentary
31/10/2017	Notice of Annual General Meeting
24/10/2017	Final Director's Interest Notice
24/10/2017	Resignation of Ross Cotton as a director
02/10/2017	Corporate Governance Statement
02/10/2017	Appendix 4G
02/10/2017	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 at www.ausnetrealestateservices.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	\$0.022	4 October 2017
Lowest	\$0.017	18 September 2017
Last	\$0.019	13 December 2017

8.4 Interests of Directors

Security Holdings

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or the Offer. Directors' relevant interests in securities of the Company at the date of this Prospectus and remuneration information (including amounts paid in consulting fees) for the current and last two financial years is set out below:

Director	Shares	Options	Performance Shares
Philip Re	4,069,973 ¹	Nil	11,648,324 ²
John Kolenda	42,718,332 ³	Nil	22,239,445 ⁴
Adam Davey	617,144 ⁵	142,858 ⁶	8,000,000 ⁷
Paul Niardone	10,463,292 ⁸	Nil	15,820,432 ⁹

Notes

1. Consisting of 3,944,973 held indirectly through Mr Philip Re <Re Super Fund> and 125,000 held directly by Mr Re.
2. Held indirectly through Mr Re <Re Super Fund>.
3. Held indirectly through Finsure Holdings Pty Ltd.
4. Comprising 8,000,000 held directly by Mr Kolenda and 14,239,445 held indirectly through Finsure Holdings Pty Ltd.

5. Comprising 609,643 Shares held indirectly by Court Securities Pty Ltd, 2500 Shares held by A Davey <Tony Lebowitz & Noah Davey>, 2000 Shares held by A Davey & M Davey <The Davey Super Fund A/C>, 2,001 Shares held by A Davey <Shenton Park Investments A/C> and 1,000 Shares held by Mr Davey's spouse.
6. Held indirectly through Court Securities Pty Ltd and exercisable at 30 April 2019.
7. Held directly by Mr Davey.
8. Comprising 1,000 held directly by Mr Niardone, 10,461,292 held indirectly through Trindis Pty Ltd and 1,000 held indirectly through Mr Niardone's spouse.
9. Comprising 12,333,334 Performance Shares held directly by Mr Niardone and 3,487,098 Performance Shares held indirectly through Trindis Pty Ltd.

No Directors or any of their associates intend to participate in the Offer.

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 2018.

Director	Financial year ending 30 June 2017	Proposed financial year ending 30 June 2018
Philip Re ¹	\$51,000	\$60,000
John Kolenda ²	\$24,000	\$48,000
Adam Davey ³	\$24,000	\$48,000
Paul Niardone ⁴	\$340,802	\$328,500

Notes

1. Mr Re was appointed on 19 December 2016.
2. Mr Kolenda was appointed on 19 December 2016.
3. Mr Davey was appointed on 19 December 2016.
4. Mr Niardone was appointed on 19 December 2016.

8.5 Lead Manager Mandate

By a mandate between Patersons Securities Limited and the Company (**Lead Manager Mandate**), Patersons Securities Limited agreed to act as Lead Manager to the Placement Offer.

Pursuant to the Lead Manager Mandate, the Company has agreed to pay the Lead Manager:

- (a) a management fee of 1.5% of the total gross amount raised from all sources in the Placement Offer; and
- (b) a selling fee of 5% of the total gross amount raised in the Placement Offer. All fees paid to third parties will be paid from this fee.

The Company has also agreed to issue the Adviser Options pursuant to the terms of the Lead Manager Mandate. The Adviser Options are provided for the Lead Manager to distribute to cornerstone investors under the Placement Offer and to other brokers who may be involved in the Placement Offer.

Patersons Securities Limited is also entitled to be reimbursed for its out of pocket expenses directly related to the transaction. Patersons will obtain the company's consent prior to incurring any single expense greater than \$2,000.

In the event that the Company terminates the Lead Manager Mandate, or Patersons Securities Limited terminates the engagement for cause, Patersons Securities Limited will be entitled to the reimbursement of any incurred or accrued expenses up to the date of termination.

The Lead Manager Mandate also contains an indemnity, representations and warranties from the Company to the Lead Manager that are considered standard for an agreement of this type.

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

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 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:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or

- (ii) the Offers; or
- (f) the Offers,

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:

- (g) the formation or promotion of the Company; or
- (h) the Offers.

Patersons Securities Limited will be paid a management and selling fee of approximately \$195,000 in respect of this Placement Offer (assuming full oversubscription of the Placement Offer). The Company has also agreed to issue the Adviser Options to Patersons Securities Limited. The Adviser Options are provided for the Lead Manager to distribute to cornerstone investors under the Placement Offer and to other brokers who may be involved in the Placement Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Patersons Securities Limited has been paid fees totalling \$384,700 by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer and associated due diligence process. The Company estimates it will pay Steinepreis Paganin \$15,000 (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 \$ \$216,465.50 (excluding GST and disbursements) by 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) have not authorised or caused the issue of the Prospectus and 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 its written consent to being named as Lead Manager to the Placement Offer in this Prospectus. Patersons Securities Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

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 Estimated Expenses of Offers

The expenses of the Offers are estimated to be approximately \$260,000(excluding GST) assuming full oversubscription of the Placement Offer and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,400
ASX fees	35,000
Lead Manager fees	195,000
Legal fees	15,000
Printing and distribution	7,500
Miscellaneous	5,100
Total	<u>260,000</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 Form. If you have not, please phone the Company on +61 8 6141 3500 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.ausnetrealestateservices.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 Clearing House Electronic Sub-Register System ("CHESS") and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS 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 CHESS 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.

8.11 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.

8.12 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 the Company, the Directors and management.

The Company 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.

The Company 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 7 of this Prospectus.

8.13 Privacy Act

If you complete an application for Shares, 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 Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' CONSENT

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 in writing to the lodgement of this Prospectus with the ASIC.



Paul Niardone
Managing Director
For and on behalf of
THE AGENCY GROUP AUSTRALIA LTD

10. DEFINITIONS

Adviser Offer means the offer of the Adviser Options as referred to in Section 4.1.

Adviser Option means an Option with the terms and conditions set out in Section 6.2(d).

Applicant means an investor that applies for Shares or Options under the Offers using an Application Form pursuant to this Prospectus.

Application Form means an Application Form either attached to or accompanying this Prospectus.

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.

AWST means Australian Western Standard Time as observed in Perth, Western Australia.

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 closing date for receipt of an Application Form as set out in Section 2 (unless extended or closed early).

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 directors of the Company at the date of this Prospectus.

Dollar or "\$" means Australian dollars.

Offers means the Placement Offer, PAC Partners Offer and the Adviser Offer.

Official Quotation means official quotation on ASX.

Opening Date means the opening date for receipt of an Application Form under this Prospectus as set out in Section 2.

Option means an option to acquire a Share.

Optionholder means the holder of an Option.

PAC Partners Offer means the offer of the PAC Tranche 1 Options and PAC Tranche 2 Options as referred to in Section 4.1.

PAC Tranche 1 Option means an Option with the terms and conditions set out in Section 6.2(b).

PAC Tranche 2 Option means an Option with the terms and conditions set out in Section 6.2(c).

Placement Offer means the offer of Shares and Placement Options as referred to in Section 4.1.

Placement Option means an Option with the terms and conditions set out in Section 6.2(a).

Prospectus means this Prospectus dated 14 December 2017.

Section means a section of this Prospectus.

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

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

Shareholder means the holder of a Share.

Share Registry means Advanced Share Registry Services.