



## ASX AND MEDIA ANNOUNCEMENT

8 July 2015

# MINREX ANNOUNCES THE ACQUISITION OF REAL ESTATE DISRUPTOR - HELLO REAL ESTATE LIMITED

## KEY POINTS

- **Minrex Resources NL to acquire 100% of the issued capital of Hello Real Estate Limited for \$6.75M in issued capital.**
- **Hello is a Licensed Real Estate Agency, which features a low fixed fee service for clients to sell their own property, supported by a dedicated hands-on Mentor, utilising Best Practice professional real estate services.**
- **The Hello proprietary system puts the property preparation, marketing and sale process clearly in the hands of the property owner, resulting in significant savings, less time on market and achieving the best market price for their property.**
- **RP Data values the Australian residential property market at over \$5.1 trillion dollars, making it the single biggest asset class in Australia.**
- **Proposed New Board and Management Team.**
- **Subject to due diligence, formal agreement and Minrex shareholder and regulatory approvals.**

## ACQUISITION OF HELLO REAL ESTATE LIMITED

The Board of Minrex Resources NL (**Minrex** or the **Company**) is pleased to announce that it has entered into a Memorandum of Understanding (**MOU**) to acquire 100% of the issued share capital in Hello Real Estate Limited (**Hello**) (**Transaction**). Minrex and the major shareholders of Hello have granted each other until 31 July 2015 (**Exclusivity Period**) to complete due diligence on each other. Once both Minrex and the vendors notify each other in writing of the satisfactory completion of due diligence, Minrex and the vendors will formalise the MOU in a Share Purchase Agreement (**SPA**).

The acquisition of Hello will be conditional upon a minimum \$5 million capital raising by Minrex, the funds from which will be used for the expansion of the Hello business and for working capital purposes.

#### **OVERVIEW OF HELLO REAL ESTATE LIMITED**

- Established in 2012, Hello carried out proof of concept trials in South Australia, followed by a formal launch in NSW in the 2<sup>nd</sup> Quarter of 2013;
- In May 2014, Hello's Founder Philip Horan appointed Bob Lapointe as Chairman and converted the company from Pty Ltd to Limited status;
- Hello has recruited its first 12 Satellite Business Unit licensees in 2014/2015 to utilise the Hello proprietary system;
- The Hello Real Estate System is supported by Proprietary Software and Joint Venture Partnerships including Hello's unique CRM with a fully automated and clear Work Flow to follow;
- Hello's strategic partners include GPY&R, (Advertising) BidRhino, (Online Auctions) Vow Financial, (Mortgage Services) RP Data (Valex & Data), Boss Advantage (Technology), Thorn Money, (Client Fee finance) and Jim's Building Inspections;
- Hello has recruited an experienced executive and technical team, responsible for the ongoing development of the current Hello Technology platform & services; and
- The Hello Proprietary CRM & Workflow System 'EVOLVE' is also being marketed to Independent Real Estate Agents/Operators under a White Label version 'FreeAgent', as a further revenue stream.

Further information on Hello is available from the website [www.hello.com.au](http://www.hello.com.au).

#### **MATERIAL TERMS OF THE TRANSACTION**

Subject to the full terms of the SPA and satisfaction of all remaining Conditions, Minrex will:

- issue of 45,000,000 fully paid ordinary shares in Minrex (**Shares**), at an issue price of 15 cents per share, totalling \$6.75 million (subject to the granting of an ASX waiver);
- subject to Hello achieving 47 licenced Satellite Business Units by the end of the 30 June 2016 financial year, 10,000,000 fully paid performance shares will vest in persons or entities nominated by the vendors (**Deferred Consideration Tranche 1 shares**);
- subject to Hello achieving annual audited Earnings before Interest, Tax, Depreciation and Amortisation (**EBITDA**) of \$2.7 million by the end of the 30 June 2017 financial year,

10,000,000 fully paid performance shares will vest in persons or entities nominated by the vendors (**Deferred Consideration Tranche 2 shares**); and

- subject to Hello achieving annual audited EBITDA of \$4.0 million by the end of the 30 June 2018 financial year, 10,000,000 fully paid performance shares will vest in persons or entities nominated by the vendors (**Deferred Consideration Tranche 3 shares**).

The Transaction is subject to the following conditions (**Conditions**):

- Satisfactory completion of due diligence by both Minrex and the vendors;
- Receipt by MRR of a 'Fair and Reasonable Report' by an independent expert confirming that the Transaction is fair and reasonable;
- Minrex obtains all necessary regulatory, Shareholder approvals pursuant to the ASX Listing Rules, Corporations Act 2001 (Cth) or any other law to allow Minrex to lawfully complete the Transaction, convert Minrex from a no liability company to a company limited by shares, complete the Capital Raising, and satisfy all other requirements of the ASX for the reinstatement to official quotation of Minrex's Shares on the ASX;
- Consolidation of the current 17,500,000 partly paid (to 1 cent) shares in Minrex into 875,000 Shares, and then issue to the former partly paid shareholders 16,625,000 call options exercisable at 20 cents in the public company limited by shares, to expire on 11 July 2016;
- A minimum capital raising of \$5,000,000 in funds (**Capital Raising**); and
- Minrex receiving written confirmation from the ASX that it will reinstate Minrex's Shares to official quotation on ASX on conditions satisfactory to Minrex.

In addition, Minrex will:

- Appoint Mr Robert M. Lapointe as Non-Executive Chair, Mr Philip Horan as Executive Director, Ms Trish Mewett as Executive Director and Mr Marcus Cann as Executive Director; and
- Mr Durack will remain on the board of Minrex as Non-Executive Director, such that the Board post Transaction will consist of five Board members (four from Hello and one from Minrex). Mr Durack will remain as Company Secretary.

On completion of the Transaction, Minrex proposes to change its name to Hello Real Estate Limited.

The Transaction with Hello constitutes a change to the nature and scale of Minrex's activities. The Company will therefore need to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

As part of satisfying its requirements to re-comply, the Transaction must be approved by Minrex shareholders (**Shareholders**) at a general meeting (**Meeting**). Shareholders will receive a notice of meeting setting out various resolutions and further information relating to the proposed Transaction (**Notice of Meeting**). A detailed explanatory statement will accompany the Notice of Meeting, which will include information relating to the likely effect on the total assets, total equity, annual revenue and profit of Minrex, and will be distributed to all Shareholders prior to the Meeting.

The Executive Director of Minrex, Mr Simon Durack, said that "We are very pleased to have entered into a Memorandum of Understanding with the major shareholders of Hello. This strategic shift in direction is one that will see us emerge fully funded for growth in an exciting new field with enormous upside for all shareholders, as a disruptor in the Australian property market."

"Hello is set to really shake up the current players in the real estate market, introducing an innovative and comprehensive new offering that will enable increased support and guidance for home buyers and sellers in a more efficient and cost effective structure."

#### **PROPOSED NEW DIRECTORS & MANAGEMENT TEAM**

Following completion of the Transaction, Minrex will appoint the following:

##### **Mr Robert M. Lapointe (Non-Executive Chair)**

Robert M. Lapointe's business skills and marketing experience are well known in the market, having introduced KFC, Pizza Hut, Sizzler and Lone Star Steakhouse and Saloon to Australia. He has also applied the same expertise, energy and creativity to his horseracing interests, developing Muskoka Farm, a magnificent 280 acre family property at Gunderman on the Hawkesbury River, into one of Australia's leading Thoroughbred spelling and pre-training establishments that accommodates up to 200 horses.

##### **Mr Philip Horan (Founder - Executive Director)**

Philip has over 30 years of experience in the property development and real estate sectors across Australia and the Middle East with involvement in projects including residential construction, subdivisions, tourism and commercial development. He also established and operated a business facilitation and development consultancy based in Dubai from 1991–2007, implementing Joint Ventures for Australian companies. His clients included Greater Union Cinemas, Rydges Hotels, Val Morgan Cinema Advertising, FPD Savills/Byvan, Sheridan, Oceanis Australia (Melbourne Aquarium), Austal Ships, Bega Cheese, Herron Pharmaceuticals and numerous smaller companies.

**Ms Trish Mewett (Executive Director)**

Trish has a background in team leadership, telecommunications and property services, including experience in operating her own franchise business. Trish joined the business during the development and proof-of-concept stage, assisting to develop and co-author many of the Hello systems and operational procedures. Trish now heads up the Sales team and operates the Training Course for inducting and training Hello Licensees. Trish has been instrumental in developing the relationships with some of Hello's most valued service providers and the customer service system that underpin Hello's outstanding level of service and communication.

**Mr Marcus Cann (Executive Director)**

Marcus has over 20 years' experience in the legal, financial and property industries, and has built several industry changing businesses, products and platforms. More recently this has included working with the largest residential and commercial real estate data and analytics company, RP Data, where he was involved in acquiring and integrating Australia's two largest residential valuation management platforms and building Australia's first and only property services portal from start up to \$1M+ of annualized revenue within 12 months. His clients have included the major financial and real estate organisations in Australia.

**INDICATIVE CAPITAL STRUCTURE**

The table below details the current capital structure of Minrex and its proposed indicative capital structure after completion of the Transaction\*.

	<b>Current</b>	<b>Post-acquisition*</b>
Shares on issue	17,500,001	63,375,001
Performance shares <sup>ç</sup>		30,000,000
Partly Paid Shares on issue	17,500,000	-
Options on issue	-	16,625,000 <sup>^</sup>

\*Excludes any proposed capital raisings

<sup>^</sup>Call options exercisable at 20 cents per option, expiring on 11 July 2016

<sup>ç</sup>Subject to vesting conditions outlined on pages 2 & 3

**INDICATIVE TIMETABLE**

An indicative timetable for the completion of the Transaction set out below:

<b>Event</b>	<b>*Date</b>
Last date for satisfaction of due diligence	31 July 2015
Last date to execute conditional share purchase agreement	7 August 2015
Notice of Meeting sent to shareholders	21 August 2015
Minrex shareholder meeting and suspension of Minrex's securities from trading	21 September 2015
Lodgement of Prospectus with ASIC	26 October 2015
Prospectus Closes	30 November 2015
Completion of Transaction	1 December 2015
Anticipated date the suspension of trading is lifted and Minrex securities commence trading again on the ASX	9 December 2015

\*These dates are indicative only and subject to change

## **ABOUT HELLO**

Hello is a Licensed Real Estate Agency and the business model features a fixed-fee service for Clients to sell their own property supported by a dedicated hands-on Hello Mentor utilising the very latest in Best Practice professional real estate services. The Hello system puts the property preparation, marketing and sale process clearly in the hands of the property owner resulting in, significant savings, less time on market and achieving the best market price for their property.

Hello provides the Client with all of the tools that are required to successfully market and sell residential property including; house stylists; professional photography; signage; multiple website listings; live call centre; high quality brochure and sales aid production, Valuation by a licensed valuer, all current on-market and recent sales data; contracts; offer negotiation; conveyancing and settlement services.

Hello is currently integrating all of the current services and the extensive network of strategic partners into a single source "The Hello Property Exchange". This will be a central hub featuring Hello's current established operating system with its cutting edge technology for the efficient marketing, sale and management of residential real estate Transactions.

To deliver these services Hello developed a unique small business model that is based on 'partnerships' through Licensing as an alternative to franchising which are called 'Satellite Business Units' (SBUs) that operate within a clearly designated area under the terms of the

License.

Satellite Business Units form a network of Independent business owners operating under license and working as licensed agents, recruited, trained and developed to service specific markets and provide client facing sales and mentoring solutions:

- Home Sellers (including Builders & Developers)
- Home Buyers (including investors)

### **REAL ESTATE INDUSTRY & OPPORTUNITY**

RP Data values the Australian residential property market, at over \$5.1 trillion dollars making it the single biggest asset class in Australia.

The Real Estate Market is rapidly changing, Vendors and Buyers are demanding alternatives, agents are being forced to embrace new technologies and franchise agencies are now outnumbered 3-1 by independent agencies in Australia who now represent the major force in real estate sales. These independent agents are the target market for Hello's White Label CRM & Workflow technology systems.

Clients are people who fully appreciate the value in having someone present to support them during the sale process and the savings that can be achieved using the Hello system and services which are designed to cover the whole spectrum of the market from low cost sales to premium properties.

The Hello model also offers builders, developers, renovators and investors a dedicated, hands on licensed real estate sales agent to handle the pre-sale and sale phase of their project development or the sale of investment property.

For all enquiries, please contact:

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