

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 8.30am AWST

DATE: 18th November 2022

PLACE: Hybrid Meeting – virtual and in person at 68 Milligan Street, Perth, Western Australia 6000

The business of the Meeting affects your shareholding and your vote is important.

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (AWST) on 16 November 2022.

*Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of Resolution 7 to the non-associated Shareholders. The Independent Expert has determined the transaction the subject of Resolution 7 is **FAIR AND REASONABLE**.*

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2022 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2022.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

A voting prohibition statement applies to this Resolution. Please see below.

3. RESOLUTION 2 – ELECTION OF DIRECTOR – GEOFFREY LUCAS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 14.4 of the Constitution, Listing Rule 14.4 and for all other purposes, Geoffrey Lucas, a Director who was appointed casually on 28 January 2022, retires, and being eligible, is elected as a Director.”

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – ADAM DAVEY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 14.2 of the Constitution, Listing Rule 14.4 and for all other purposes, Adam Davey, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

5. RESOLUTION 4 – APPROVAL OF 7.1A MANDATE

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”

6. RESOLUTION 5 – ADOPTION OF PERFORMANCE RIGHTS AND OPTIONS PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Performance Rights and Options Plan and for the issue of a maximum of 21,428,829 securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

7. RESOLUTION 6 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”

8. RESOLUTION 7 – APPROVAL OF SECURITY DEED WITH PETERS INVESTMENTS PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 10.1 and for all other purposes, approval is given for the Company to proceed with the Security Deed, on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: The Company has entered into a security deed with Peters Investments Pty Ltd pursuant to which the Company’s obligations in relation to the Convertible Notes held by Peters Investments Pty Ltd are secured by a charge over all of the assets of the Company (subordinate to Macquarie Bank’s security over all of the assets of the Company for so long as any debt remains outstanding to Macquarie Bank) (**Security Deed**). Peters Investments Pty Ltd current holds 30.24% of the Shares on issue in the Company and has, in the 6 months prior to the agreement, been a substantial (10%+) holder in the Company. Accordingly, the Company seeks Shareholder approval for the transaction in accordance with Listing Rule 10.1.

Independent Expert’s Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of Shareholder approval under ASX Listing Rule 10.1. The Independent Expert’s Report comments on the fairness and reasonableness of the grant of the transaction the subject of this Resolution to the non-associated Shareholders of the Company. The Independent Expert has determined that the transaction is **fair and reasonable** to the non-associated Shareholders.

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

9. **RESOLUTION 8 – PROVISION OF FINANCIAL ASSISTANCE TO BUSHBY & CO PTY. LTD**

To consider and, if thought fit, to pass, with or without amendment, the following **special resolution**:

“That for the purpose of section 260B of the Corporations Act, approval is given to the giving of what may be regarded as financial assistance by Bushby & Co. Pty. Ltd. ACN 009 500 510, for the purpose of, or in connection with, the acquisition of 12,050 shares in Bushby (a subsidiary of the Company), by the Company, the details of which are set out in the Explanatory Statement.”

Dated: 11 October 2022

By order of the Board

A handwritten signature in black ink, appearing to read 'Stuart Usher', with a period at the end.

Stuart Usher
Company Secretary

Voting Prohibition Statements

Resolution 1 – Adoption of Remuneration Report	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <ul style="list-style-type: none">(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or(b) a Closely Related Party of such a member. <p>However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none">(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or(b) the voter is the Chair and the appointment of the Chair as proxy:<ul style="list-style-type: none">(i) does not specify the way the proxy is to vote on this Resolution; and(ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
Resolution 5 – Adoption of Performance Rights and Option Plan	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none">(a) the proxy is either:<ul style="list-style-type: none">(i) a member of the Key Management Personnel; or(ii) a Closely Related Party of such a member; and(b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none">(c) the proxy is the Chair; and(d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution set out below by or on behalf of the following persons:

Resolution 5 – Adoption of Performance Rights and Option Plan	A person who is eligible to participate in the employee incentive scheme or an associate of that person or those persons.
Resolution 7 – Approval of Security Deed with Peters Investments Pty Ltd	The Company will disregard any votes cast in favour of the Resolution by or on behalf of Peters Investments Pty Ltd or any of its associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Should you wish to discuss the matters in this Notice please do not hesitate to contact the Company Secretary on +61 02 8376 9100.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2022 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <https://investors.theagency.com.au/reports>.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

3. RESOLUTION 2 – ELECTION OF DIRECTOR – GEOFFREY LUCAS

3.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Geoffrey Lucas, having been appointed by other Directors on 28 January 2022 in accordance with the Constitution, will retire in accordance with the Constitution and Listing Rule 14.4 and being eligible, seeks election from Shareholders.

The Company notes that Shareholders can access its current Constitution at the following address: <https://investors.theagency.com.au/corporate-governance>.

3.2 Qualifications and other material directorships

Mr Lucas is one of the most highly regarded executives in the Australian property industry, with a distinguished track record of leadership in a number of corporate positions for an ASX-listed real estate group, as well as other major public companies.

With more than 25 years' commercial experience, Mr Lucas has successfully grown several companies and uses his background in accounting and finance to develop and execute strategies for growth.

From 2008-2016 Mr Lucas served as the Chief Operating Officer of McGrath Real Estate (ASX: MEA), later serving as Chief Executive Officer of the company. During this time he built deep connections within the real estate services industry, in addition to a keen understanding of how to build operations which foster and grow shareholder value.

Prior to this, Mr Lucas served as the CEO of ASX-listed financial services group Credit Corp Group (ASX: CCP) from 2004 to 2008.

Mr Lucas is qualified as a Certified Practising Accountant (CPA) and is also a Fellow of the Australian Institute of Company Directors (FAICD).

3.3 Independence

Mr Lucas has no interests, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the interests of an individual security holder or other party.

If elected the Board does not consider Mr Lucas will be an independent Director.

3.4 Other material information

The Company conducts appropriate checks on the background and experience of candidates before their appointment to the Board. These include checks as to a person's experience, educational qualifications, character, criminal record and bankruptcy history. The Company undertook such checks prior to the appointment of Mr Lucas.

Mr Lucas has confirmed that he considers he will have sufficient time to fulfil his responsibilities as Managing Director and Chief Executive Officer of the Company and does not consider that any other commitment will interfere with his availability to perform his duties as a Managing Director and Chief Executive Officer of the Company.

3.5 Board recommendation

The Board (other than Mr Lucas) has reviewed Mr Lucas' performance since his appointment to the Board and considers that their skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board (excluding Mr Lucas) supports the election of Mr Lucas and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – ADAM DAVEY

4.1 General

Listing Rule 14.4 and clause 14.2 of the Constitution provide that, other than a managing director, a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or three years, whichever is the longer. However, where there is more than one managing director, only one is entitled to be exempt from this rotation requirement.

Adam Davey, who has served as a Director since 19 December 2016 and was last re-elected on 29 November 2019, retires by rotation and seeks re-election.

4.2 Qualifications and other material directorships

Mr Davey is a Director, Private Clients and Institutional at Patersons Securities.

Mr Davey's expertise spans over 25 years and includes capital raising (both private and public), mergers and acquisition, ASX listings, asset sales and purchases, transaction due diligence and director duties.

Mr Davey has been involved in significantly growing businesses in both the industrial and mining sector. This has been achieved through holding various roles within different organisations, including Chairman, Managing Director, Non-executive director, major shareholder or corporate adviser to the board.

Mr Davey is also the Chairman of Teen Challenge Foundation, the largest Youth Drug and Alcohol Rehabilitation Centre in Western Australia and is Non-Executive director of ASX-listed company PainChek Ltd.

4.3 Independence

If re-elected the Board considers Mr Davey will be an independent Director.

4.4 Board recommendation

The Board (other than Mr Davey) has reviewed Mr Davey's performance since his appointment to the Board and considers that their skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board (excluding Mr Davey) supports the re-election of Mr Davey and recommends that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – APPROVAL OF 7.1A MANDATE

5.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$14,143,027 (based on the number of Shares on issue and the closing price of Shares on the ASX on 16 September 2022).

Resolution 4 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 4 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 4 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

5.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 4:

(a) **Period for which the 7.1A Mandate is valid**

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum price**

Any Equity Securities issued under Listing Rule 7.1A.2 must be in an existing quoted class of the Company's Equity Securities and be issued for cash consideration at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 5.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for the acquisition of new assets and investments (including expenses associated with such an acquisition), the development of the Company's current business and/or general working capital.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue or proposed to be issued as at 16 September 2022.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Dilution			
		Shares issued – 10% voting dilution	Issue Price		
			\$0.0165	\$0.033	\$0.0495
			50% decrease	Issue Price	50% increase
		Funds Raised			
Current	428,576,589	42,857,658	\$707,151	\$1,414,303	\$2,121,454
50% increase	642,864,884	64,286,488	\$1,060,727	\$2,121,454	\$3,182,181
100% increase	857,153,178	85,715,317	\$1,414,303	\$2,828,605	\$4,242,908

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 428,576,589 Shares on issue.
2. The issue price set out above is the closing market price of the Shares on the ASX on 16 September 2022 (being \$0.033).
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.

5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 28 January 2022 (**Previous Approval**).

During the 12 month period preceding the date of the Meeting, being on and from 26 October 2021, the Company has not issued any Equity Securities pursuant to the Previous Approval.

(g) **Voting Exclusion Statement**

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

6. RESOLUTION 5 – ADOPTION OF PERFORMANCE RIGHTS AND OPTIONS PLAN

6.1 General

Resolution 5 seeks Shareholder approval for the adoption of the employee incentive scheme titled “Performance Rights and Options Plan” (**Plan**) and for the issue of up to a maximum of 21,428,829 Performance Rights and Options under the Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Plan is to attract, motivate and retain key employees and the Company considers that the adoption of the Plan and the future issue of Performance Rights or Options under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

As summarised in Section 5.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity’s ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity’s notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 5 is passed, the Company will be able to issue Performance Rights and Options under the Plan to eligible participants over a period of 3 years. The issue of any Performance Rights or Options to eligible participants under the Plan (up to the maximum a maximum of 21,428,829 Performance Rights and Options) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Performance Rights or Options under the Plan to a related party or a person whose relationship with the company or the related party is, in ASX’s opinion, such that approval should be obtained.

If Resolution 5 is not passed, the Company will be able to proceed with the issue of Performance Rights and Options under the Plan to eligible participants, but any issues of Performance Rights or Options will reduce, to that extent, the Company’s capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Performance Rights or Options.

6.2 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 5:

- (a) a summary of the key terms and conditions of the Plan is set out in Schedule 1;
- (b) the Company has issued 11,000,000 Performance Rights and nil Options under the Plan since the Plan was last approved by Shareholders on 29 November 2019; and
- (c) the maximum number of securities proposed to be issued under the Plan, following Shareholder approval, is 21,428,829 Securities. It is not envisaged that the maximum number of Securities for which approval is sought will be issued immediately.

7. RESOLUTION 6 – REPLACEMENT OF CONSTITUTION

7.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 6 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted on 29 November 2019.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.theagency.com.au and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 02 8376 9100). Shareholders are invited to contact the Company if they have any queries or concerns.

7.2 Summary of material proposed changes

Minimum Security holding (clause 3)

This Proposed Constitution now extends the minimum holding provisions to all securities as provided for under the Listing Rules. The clause previously only referred to shares.

Joint Holders (clause 9.8)

CHESS is currently being replaced by ASX with a projected go-live date of April 2023. As part of the CHESS replacement, the registration system will be modernised to record holder registration details in a structured format that will allow up to four joint holders of a security. Clause 9.8 of

the Proposed Constitution provides that the number of registered joint holders of securities shall be as permitted under the Listing Rules and the ASX Settlement Operating Rules.

Capital Reductions (clause 10.2)

The Proposed Constitution now permits sales of unmarketable parcels to a sale nominee as part of a capital reduction.

Financial Assistance (clause 10.4)

The Proposed Constitution now permits the Directors, at its discretion, to give financial assistance to any entity or person for the purchase of its own Shares in accordance with Part 2J.3 of the Corporations Act, on the terms the Directors think fit.

Use of technology (clause 14)

The Proposed Constitution includes a new provision to permit the use of technology at general meetings (including wholly virtual meetings) to the extent permitted under the Corporations Act, Listing Rules and applicable law.

Partial (proportional) takeover provisions (new clause 37)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares. Notwithstanding that these provisions are included in the Company's current Constitution; the Company wishes to disclose these provisions in full to Shareholders for the purposes of their re-adoption.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a Resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (d) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (e) assisting in preventing Shareholders from being locked in as a minority;
- (f) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (g) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 6.

8. RESOLUTION 7 – APPROVAL OF SECURITY DEED WITH PETERS INVESTMENTS PTY LTD

8.1 Background

At the Company's annual general meeting held on 4 January 2021, the Company received Shareholder approval to issue 5,000,000 Convertible Notes and 3,170,441 Options to Peters Investments Pty Ltd (ACN 008 699 287) (**Peters Investments**). Those Convertible Notes were issued in addition to 1,000,000 Convertible Notes issued to Peters Investments Pty Ltd in May 2020.

As at the date of this Notice, 3,612,768 Convertible Notes (together with accrued interest) were converted by Peters Investments into 115,621,485 Shares. In addition, 12,000,000 Options exercisable at \$0.027 on or before 31 March 2023 issued as part of the Convertible Note facility were exercised on 28 January 2021. Peters Investments currently holds 129,621,485 Shares, which equates to 30.24% of the Shares on issue as at the date of this Notice.

Currently, the terms of the Convertible Notes include a maturity date of 31 March 2023 (**Maturity Date**). As announced on 25 July 2022, the Company and Peters Investments have agreed to amend the Maturity Date of the Convertible Notes from 31 March 2023 to 22 January 2026 subject to the Company obtaining all Shareholder, statutory, third-party and regulatory approvals.

A full summary of the terms and conditions of the Convertible Notes (assuming the Maturity Date is amended to 22 January 2026) is set out in Schedule 2. Other than amendment of the Maturity Date, all other terms and conditions of the Convertible Notes remain the same as those approved by Shareholders at the annual general meeting held on 4 January 2021.

As noted in the Schedule 2, the Company's obligations in relation to the Convertible Notes is secured by a charge over all of the assets of the Company subordinate to Macquarie Bank's security over all of the assets of the Company for so long as any debt remains outstanding to Macquarie Bank. The Company and Peters Investments entered into a general security deed (**Security Deed**) for these purposes. A summary of the material terms of the Security Deed is set out in Schedule 3.

The Security Deed was entered prior to Peters Investments being a Listing Rule 10.1 party (refer to Section 8.3 below). Peters Investments current holds 30.24% of the Shares on issue in the Company and has, in the 6 months prior to the agreement, been a substantial (10%+) holder in the Company. Accordingly, the Company is now required to seek Shareholder approval for the Security Deed in accordance with Listing Rule 10.1.

8.2 Independent Expert's Report

ASX Listing Rule 10.5.10 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert.

The Independent Expert's Report prepared by Nexia Perth Corporate Finance Pty Ltd (**Independent Expert**) accompanying this Notice sets out a detailed independent examination of the Security Deed to enable non-associated Shareholders to assess the merits and decide whether to approve Resolution 7. **The Independent Expert has concluded that the Security Deed the subject of Resolution 7 is fair and reasonable to the non-associated Shareholders.**

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

8.3 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose a substantial asset to:

- (a) a related party of the Company;
- (b) a subsidiary of the Company;
- (c) a person who is, or was at any time in the 6 months before the transaction or agreement, a substantial (10%+) holder in the Company;
- (d) an associate of a person referred to in Listing Rules 10.1.1 to 10.1.3; or
- (e) a person whose relationship to the entity or a person referred to in Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by Shareholders.

Section 6.7 of ASX Guidance Note 24: *Acquisitions and Disposals of Substantial Assets Involving Persons in a Position of Influence* states that the definition of "dispose" includes using an asset as collateral. Accordingly, the granting of security by an entity over any of its assets to secure a debt or obligation owing to a Listing Rule 10.1 party is regarded as a disposal of those assets by the entity to the Listing Rule 10.1 party.

Peters Investments currently holds 30.24% of the Shares on issue in the Company and has, in the 6 months prior to the agreement, been a substantial (10%+) holder in the Company. Accordingly, the Company seeks Shareholder approval for the Security Deed in accordance with Listing Rule 10.1.

Substantial Asset

Under ASX Listing Rule 10.2, an asset is “substantial” if its value, or the value of the consideration for it is, or in ASX’s opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the ASX Listing Rules.

The equity interests of the Company as defined by the ASX Listing Rules and as set out in the latest audited annual accounts given to ASX under the ASX Listing Rules (being for the financial year ended 30 June 2022 of \$16,400,000. A substantial asset is therefore an asset of value greater than \$820,000 (5% of the above figure).

The Security Deed grants a charge over all of the assets of the Company (subordinate to Macquarie Bank’s security over all of the assets of the Company for so long as any debt remains outstanding to Macquarie Bank) and exceeds the substantial asset figure of \$820,000.

Accordingly, the Security Deed will be considered a “substantial” asset for the purposes of ASX Listing Rule 10.2, and the Company is required to seek Shareholder approval under ASX Listing Rule 10.1 for the disposal.

Pursuant to Listing Rule 10.5.4, the consideration being received by the Company for the disposal is the value of the outstanding balance of the Convertible Notes, being the aggregate of principal and unpaid interest, owed to Peters Investments at the time of enforcement.

As noted in Section 8.1, the Security Deed secures the Company’s obligations in relation to the Convertible Notes. Pursuant to Listing Rule 10.5.6, the Company has use the funds received from the Convertible Notes towards partial refinance of enforceable financial obligations owed to Macquarie Bank pursuant to senior debt facilities with Macquarie Bank by the Company and its subsidiaries and for general business expenses.

Requirement for Shareholder Approval

ASX Listing Rule 10.5.10 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert.

The Independent Expert has been asked to prepare a report, for the purpose of ASX Listing Rule 10.5.10, on whether the Security Deed is fair and reasonable. **The Independent Expert has considered the Security Deed and has concluded that the Security Deed the subject of Resolution 7 is fair and reasonable to Shareholders whose votes are not to be disregarded.**

8.4 Indicative timetable

Event	Date
Announcement of amendments to Convertible Notes	25 July 2022
Dispatch of Notice of Meeting	13 November 2022
Meeting to approve Listing Rule 10.1 Resolution	18 November 2022

The above dates are indicative only and are subject to change at the Board's discretion in accordance with the Corporations Act and ASX Listing Rules.

8.5 Board Recommendation

After carefully considering all aspects of the Security Deed and the Independent Expert's Report, each Director considers that the Security Deed is in the best interests of Shareholders. Accordingly, each Director recommends that the Shareholders vote in favour of Resolution 7.

The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 7.

9. RESOLUTION 8 – PROVISION OF FINANCIAL ASSISTANCE TO BUSHBY & CO PTY. LTD

9.1 Background

This Explanatory Statement relates to the giving of what may be regarded as financial assistance, to which section 260A of the Corporations Act will apply, that Bushby & Co Pty Ltd ACN 009 500 510 (**Bushby**) proposes to give in relation to the transaction set out in Section 9.2 below (**Transaction**).

The purpose of this Explanatory Statement is to explain in detail the proposed resolution set out in Section 9.3 below which must be passed, under section 260B(3) of the Corporations Act, to enable Bushby of which the Company is the Ultimate Australian Holding Company (as defined below) to financially assist the Company in connection with the Acquisition (as defined below).

9.2 Transaction

The Transaction is as follows:

By a share sale agreement between the Company as purchaser (a subsidiary of the Company) and Westwood 168 Pty Ltd ACN 167 104 504 as trustee for Westwood 168 Trust, Phillip Bushby Pty Ltd ACN 649 656 584 as trustee for Phillip Bushby Target and Sven Eric Andersen and Anita Maria Andersen in their personal capacity and as trustee for SE & AM Andersen Family Trust (**Shareholders**), the Company acquired 12,050 of the shares in Bushby from the Shareholders (**Acquisition**).

Immediately after the Acquisition, the Company became a holding company of Bushby, which is:

- (a) is a domestic corporation but not listed; and
- (b) is not itself a subsidiary of a domestic corporation (**Ultimate Australian Holding Company**).

Through an amendment to an existing facility agreement, Macquarie Bank Limited ABN 46 008 583 542 (**Bank**) provided Top Level Real Estate Pty Ltd ACN 615 413 879 (**Borrower**) with funds to assist the Company's completion of the Acquisition.

It is proposed that, to secure the Borrower's obligations under the existing facility agreement dated 29 June 2017 between, among others, the Borrower and the Bank, as amended from time to time and more recently by the document entitled "Seventh Amendment Deed – The Agency Loan Agreement" dated 20 July 2022 (**Facility Agreement**), Bushby will enter into:

- (a) an accession deed poll executed by Bushby (the **Accession Deed**) pursuant to which Bushby will accede the Facility Agreement as an "Additional Guarantor", and will also provide a guarantee in favour of the Lender in respect of each Relevant Party's (as

defined in the Facility Agreement) obligations and in respect of all amounts owing to the Lender under the Finance Documents from time to time (the **Guarantee**);

- (b) a general security agreement in favour of the Bank (**General Security Agreement**). The General Security Agreement will grant a security interest over all of Bushby's present and after-acquired property (as that term is defined in the Personal Property Securities Act 2009 (Cth)) in favour of the Bank. The General Security Agreement will secure all amounts owing by Bushby to the Bank from time to time;
- (c) any other Finance Document or any other document contemplated in the Facility Agreement to which Bushby is a party; and
- (d) any other notice, certificate, document, security interest, agreement, deed or form referred to in, or to be entered into or given under or in connection with or as contemplated by the Facility Agreement,

(together, the **Accession Documents**).

The entry into the Accession Documents is a condition subsequent to the provision of funds by the Bank under the Facility Agreement.

The entry into the Accession Documents may constitute the giving of financial assistance by Bushby to which section 260A of the Corporations Act applies, as described more fully at Section 9.4 below. Under section 260B(3) of the Corporations Act, Bushby may provide financial assistance only if, among other things, the assistance is approved by a special resolution passed at a general meeting of the company that will be, at the time immediately following the Acquisition, the Ultimate Australian Holding Company of Bushby. In these circumstances the company for the purpose of section 260B(3) is the Company.

9.3 Proposed resolution of the shareholders of the Company

It is proposed that the following resolution be passed as a special resolution by the shareholders of the Company:

"That for the purpose of section 260B of the Corporations Act, approval is given to the giving of what may be regarded as financial assistance by Bushby & Co. Pty. Ltd ACN 009 500 510 giving the financial assistance, for the purpose of, or in connection with, the acquisition of 12,050 shares by the Company in Bushby (a subsidiary of the Company), the details of which are set out in the Explanatory Statement."

The Explanatory Statement that is referred to in the above resolution is this Explanatory Statement which sets out the details relating to the financial assistance proposed to be given in connection with the Acquisition.

9.4 Financial assistance

Particulars of the proposed financial assistance

Section 260A of the Corporations Act states that:

"a company may financially assist a person to acquire shares ... in the company, or a holding company of the company only if:

...

(b) the assistance is approved by shareholders under section 260B..." ...

Proposed Financial Assistance

The entry into the Accession Documents in favour of the Bank as required under the terms of the Facility Agreement might constitute the giving of financial assistance by Bushby, to which section 260A of the Corporations Act will apply, by virtue of the following:

- (a) the Bank made certain funds available to the Borrower under the Facility Agreement which may be used to fund (among other things) the Acquisition;
 - (i) the Guarantee:
 - (A) will be given by Bushby and will operate to guarantee each Relevant Party's (as defined in the Facility Agreement) obligations under the Facility Agreement; and
 - (B) is a condition to the provision of the funds by the Bank under the Facility Agreement;
 - (iii) the General Security Agreement:
 - (A) will be granted by Bushby and will secure Bushby's obligations under the Facility Agreement; and
 - (B) is a condition to the provision of the funds by the Bank under the Facility Agreement;
 - (iv) In addition, in the future Bushby may:
 - (A) make available its cash flows or other assets in order to enable the Borrower or other guarantors under the Guarantee comply with their payment and other obligations to the Bank;
 - (B) transfer assets to, or assume other liabilities of other subsidiaries or related parties of the Borrower;
 - (C) agree to amend the Facility Agreement or the Accession Documents which may include more onerous obligations;
 - (D) provide additional guarantees or security, including mortgages and/or charges;
 - (E) subordinate intercompany claims; and
 - (F) provide other financial assistance in connection with the Acquisition, including for any refinancing.
 - (G) This is referred to as the Proposed Financial Assistance.

Will the Proposed Financial Assistance contravene section 260A?

Financial assistance only contravenes section 260A if it prejudices the interests of the company, shareholders or creditors of a company. In this regard, section 260A(1)(a) of the Corporations Act states that a company may only financially assist a person to acquire shares in the company (or a holding company of the company) if:

“(a) giving the assistance does not materially prejudice:

(i) the interests of the company or its shareholders; or

(ii) the company's ability to pay its creditors.”

If there is prejudice to the company, interests of shareholders or creditors of a company, then the financial assistance will nevertheless not contravene section 260A if shareholder approval to the financial assistance is obtained by:

- (a) the company acquiring the shares, as provided for under section 260A(1)(b) of the Corporations Act; and

the Ultimate Australian Holding Company (i.e. the Company), as provided for under section 260B(3) of the Corporations Act.

The directors of the Company have considered the requirements of section 260A. The directors have **not** formed a view as to whether the giving of the Proposed Financial Assistance will have the effect of prejudicing the interests of creditors or shareholders of Bushby. The directors of the Company have, however, decided to seek shareholder approval under section 260A(1)(b).

Effect of Proposed Financial Assistance

The Proposed Financial Assistance, if given, will result in Bushby incurring (among other things) liabilities under the Accession Documents in relation to, among other liabilities, the Borrower's liabilities under the Facility Agreement.

Shareholder approval

Under section 260B(1) of the Corporations Act, the Proposed Financial Assistance may be given by Bushby if it is approved by way of shareholder approval given by:

“(a) a special resolution passed at a general meeting of Bushby, with no votes cast in favour of the resolution by the person acquiring the shares (or units of shares) or by their associates; or

(b) a resolution agreed to, at a general meeting, by all ordinary shareholders”.

In addition, section 260B(3) of the Corporations Act provides that if, immediately after the Acquisition:

“Bushby will have a holding company that:

(a) is a domestic corporation but not listed; and

(b) is not itself a subsidiary of a domestic corporation,

the financial assistance must also be approved by a special resolution passed at a general meeting of the body corporate that will be the holding company...”.

In this case, under section 260B(3) of the Corporations Act, the Proposed Financial Assistance must be approved by a special resolution of the Company, being the company which is the holding company of Bushby for the purposes of section 260B(3).

9.5 Advantages and disadvantages of the Resolution 8

Advantages

The advantages of Resolution 8 are set out below:

- (a) The agreement to enter into the Accession Documents will enable the Borrower to obtain funds under the Facility Agreement, on the basis that the entry into the Accession Documents is a condition subsequent to the Bank making those funds available under the Facility Agreement.

- (b) As a result, the funds available under the Facility Agreement were made available to the Borrower, a subsidiary of the Company, to assist the Company in funding the Acquisition.
- (c) The directors of the Company believe that obtaining funds under the Facility Agreement in the manner described above is the most efficient form of financing available to fund the Acquisition.
- (d) By the Company acquiring Bushby, the Company will:
 - (i) have greater access to funding in the bank and capital markets as a result of its integration with Bushby;
 - (ii) enjoy greater advantages and opportunities associated with a greater combined geographic presence, integrated service offering, greater exposure to key growth and diverse energy markets (and these advantages may be further developed through its further aggregation with other complementary acquisition targets);
 - (iii) benefit from other synergies and opportunities for growth through integration with Bushby; and
 - (iv) benefit through access to new and complementary management expertise provided by Bushby.
- (e) The involvement of the Company, a highly experienced investor in the real estate sector with a proven record in creating value and building successful companies, and Bushby, an established presence and network of key relationships, provides a strong blend of sector and local market experience, with access to follow-on capital and a track record in integrating and building successful companies.

Disadvantages

The disadvantages of Resolution 8 are set out below:

- (a) The Bank will receive the Accession Documents from Bushby.
- (b) Bushby will be subject to security and its operations will be restricted by the representations and undertakings given by it under the Accession Documents.
- (c) As a result of holding the Accession Documents, in the event of default by the Borrower, the Bank will be entitled to exercise its rights under the Accession Documents against Bushby to recover all amounts owing under the Facility Agreement. The amount claimed could potentially exceed the resources available to Bushby to make payment. If that occurs, it may result in the winding up of Bushby and a sale of its assets by the Bank and this may result in a return to the Company (and ultimately its shareholders) significantly lower than could have been achieved by the Company had those assets been sold in the ordinary course of business or if Bushby continued trading.

9.6 Other considerations

- (a) In determining whether to approve the Proposed Financial Assistance, it is relevant to consider:
 - (i) the likelihood that the Bank will exercise its rights under the guarantee and security contemplated in the Accession Documents;

- (ii) the quantum of contingent liability incurred by Bushby under the Accession Documents in light of its total assets; and
 - (iii) a failure to approve the Proposed Financial Assistance and for the Borrower to procure the Accession Documents would result in an event of default under the Facility Agreement and the Bank would be entitled to exercise its rights under various security agreements granted by the Company and other subsidiaries of the Company to recover all amounts owing under the Facility Agreement. The amount claimed could potentially exceed the resources available to the Company and its subsidiaries to make payment. If that occurs, it may result in the winding up of the Company and its subsidiaries and a sale of assets by the Bank and this may result in a return to the Company (and ultimately its shareholders) significantly lower than could have been achieved by the Company had those assets been sold in the ordinary course of business or if the Company and its subsidiaries had continued trading.
- (b) After having regard to the financial and trading position of the Borrower (and therefore the Borrower's ability to service the repayment obligations under the Facility Agreement), the shareholders of the Company might form the view that there is no significant prospect of the Bank exercising its rights under the Accession Documents.

9.7 Approval of the Proposed Financial Assistance

Resolution 8 will be passed if:

- (a) all shareholders vote in favour of the resolution; or
- (b) 75% of shareholders that are entitled to vote on the resolution, vote in favour of the resolution.

9.8 Directors' recommendation

The board of the Company has had regard to the advantages and disadvantages of Resolution 8, including those referred to in Section 9.5.

Each of the directors of the Company recommends that the shareholders of the Company vote in favour of Resolution 8 and that it is in the interests of the Company to do so.

9.9 Prior notice to Australian Securities & Investments Commission

As required by section 260B(5) of the Corporations Act, copies of the Notice of Meeting and this Explanatory Statement as sent to the shareholders were lodged with ASIC prior to their dispatch to Shareholders.

9.10 Disclosure

The Directors consider that this Explanatory Statement contains all the information known to the Company that would be material to the Shareholders in deciding how to vote on the proposed resolution other than information which it would be unreasonable to require the Company to include because it has been previously disclosed to the Shareholders.

GLOSSARY

\$ means Australian dollars.

7.1A Mandate has the meaning given in Section 5.1.

ASIC means the Australian Securities & Investments Commission.

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

Board means the current board of directors of the Company.

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.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

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

Constitution means the Company's constitution.

Convertible Notes means the convertible notes issued to Peters Investments Pty Ltd with the terms and conditions set out in Schedule 3 of the Company's notice of annual general meeting dated 23 November 2020.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Independent Expert's Report means the report accompanying this Notice prepared by Nexia Perth Corporate Finance Pty Ltd.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity,

of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Meeting means the meeting convened by the Notice.

Notice means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Participant means an Eligible Participant who has been granted an Option or Performance Right under the Plan.

Peters Investments means Peters Investments Pty Ltd (ACN 008 699 287).

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2022.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the formula in Listing Rule 7.1A.2.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS AND OPTION PLAN

A summary of the material terms of the Company's Performance Rights and Options Plan (**Plan**) is set out below.

Eligible Participant	Eligible Participant means a person that is a 'primary participant' (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company or an Associated Body Corporate (as defined in the Corporations Act) and has been determined by the Board to be eligible to participate in the Plan from time to time.
Purpose	The purpose of the Plan is to: <ul style="list-style-type: none">(g) assist in the reward, retention and motivation of Eligible Participants;(h) link the reward of Eligible Participants to Shareholder value creation; and(i) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of securities.
Plan administration	The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion (except to the extent that it prevents the Participant relying on the deferred tax concessions under Subdivision 83A-C of the <i>Income Tax Assessment Act 1997</i> (Cth)). The Board may delegate its powers and discretion.
Eligibility, invitation and application	<p>The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for any (or any combination of) Options and Performance Rights provided under the Plan on such terms and conditions as the Board decides.</p> <p>On receipt of an invitation, an Eligible Participant may apply for the securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.</p> <p>If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.</p>
Grant of securities	The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number and type of securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.
Rights attaching to securities	Prior to an Option or Performance Right being exercised, the holder: <ul style="list-style-type: none">(a) does not have any interest (legal, equitable or otherwise) in any Share the subject of the convertible security other than as expressly set out in the Plan;(b) is not entitled to receive notice of, vote at or attend a meeting of the shareholders of the Company;(c) is not entitled to receive any dividends declared by the Company; and(d) is not entitled to participate in any new issue of Shares (see Adjustment of convertible securities section below).

Vesting of convertible securities	<p>Any vesting conditions applicable to the Options or Performance Rights will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant securities have vested. Unless and until the vesting notice is issued by the Company, the securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to an Option or Performance Right are not satisfied and/or otherwise waived by the Board, that security will lapse.</p>
Exercise of convertible securities and cashless exercise	<p>To exercise a security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise (see next paragraph below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Option or Performance Right (if subject to vesting conditions) and prior to the expiry date as set out in the invitation or vesting notice.</p> <p>An invitation to apply for Options may specify that at the time of exercise of the Options, the Participant may elect not to be required to provide payment of the exercise price for the number of Options specified in a notice of exercise, but that on exercise of those Options the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Options.</p> <p>Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.</p> <p>An Option or a Performance Right may not be exercised unless and until that security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.</p>
Timing of issue of Shares and quotation of Shares on exercise	<p>As soon as practicable after the valid exercise of an Option or a Performance Right by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised securities held by that Participant.</p>
Restrictions on dealing with securities	<p>A holder may not sell, assign, transfer, grant a security interest over or otherwise deal with an Option or a Performance Right that has been granted to them unless otherwise determined by the Board. A holder must not enter into any arrangement for the purpose of hedging their economic exposure to an Option or a Performance Right that has been granted to them.</p> <p>However, in Special Circumstances as defined under the Plan (including in the case of death or total or permanent disability of the Participant) a Participant may deal with convertible securities granted to them under the Plan with the consent of the Board.</p>
Listing of convertible securities	<p>An Option or a Performance Right granted under the Plan will not be quoted on the ASX or any other recognised exchange. The Board reserves the right in its absolute discretion to apply for quotation of an Option granted under the Plan on the ASX or any other recognised exchange.</p>
Forfeiture of convertible securities	<p>Options and Performance Rights will be forfeited in the following circumstances:</p> <p>(a) where a Participant who holds Options or Performance Rights ceases to be an Eligible Participant (e.g. is no longer employed or their office or engagement is discontinued with the Group), all unvested convertible securities will automatically be forfeited by the Participant;</p>

	<ul style="list-style-type: none"> (b) where a Participant acts fraudulently or dishonestly, negligently, in contravention of any Group policy or wilfully breaches their duties to the Group; (c) where there is a failure to satisfy the vesting conditions in accordance with the Plan; (d) on the date the Participant becomes insolvent; or (e) on the expiry date of the Options or Performance Rights.
Change of control	<p>If a change of control event occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the holder's Options or Performance Rights will be dealt with, including, without limitation, in a manner that allows the holder to participate in and/or benefit from any transaction arising from or in connection with the change of control event.</p>
Adjustment of convertible securities	<p>If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Options or Performance Rights will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.</p> <p>If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Options or Performance Rights is entitled, upon exercise of those securities, to receive an issue of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Options or Performance Rights are exercised.</p> <p>Unless otherwise determined by the Board, a holder of Options or Performance Rights does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.</p>
Rights attaching to Shares	<p>All Shares issued or transferred under the Plan or issued or transferred to a Participant upon the valid exercise of an Option or a Performance Right, will rank equally in all respects with the Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of the allotment or transfer of the Shares. A Participant will be entitled to any dividends declared and distributed by the Company on the Shares issued upon exercise of an Option or a Performance Right and may participate in any dividend reinvestment plan operated by the Company in respect of Shares. A Participant may exercise any voting rights attaching to Shares issued under the Plan.</p>
Disposal restrictions on Shares	<p>If the invitation provides that any Shares issued upon the valid exercise of an Option or a Performance Right are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.</p> <p>For so long as a Share is subject to any disposal restrictions under the Plan, the Participant will not:</p> <ul style="list-style-type: none"> (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Share; or (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

General Restrictions on Transfer of Shares	<p>If the Company is required but is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of an Option or a Performance Right may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Act.</p> <p>Restrictions are imposed by applicable law on dealing in Shares by persons who possess material information likely to affect the value of the Shares and which is not generally available. These laws may restrict the acquisition or disposal of Shares by you during the time the holder has such information.</p> <p>Any Shares issued to a holder upon exercise of an Option or a Performance Right shall be subject to the terms of the Company's Securities Trading Policy.</p>
Buy-Back	<p>Subject to applicable law, the Company may at any time buy-back Options or Performance Rights and Shares issued upon exercise of Options or Performance Rights in accordance with the terms of the Plan.</p>
Employee Share Trust	<p>The Board may in its sole and absolute discretion use an employee share trust or other mechanism for the purposes of holding securities for holders under the Plan and delivering Shares on behalf of holders upon exercise of Options or Performance Rights.</p>
Maximum number of securities	<p>The Company will not make an invitation under the Plan which involves monetary consideration if the number of Shares that may be issued, or acquired upon exercise of Options or Performance Rights offered under an invitation, when aggregated with the number of Shares issued or that may be issued as a result of all invitations under the Plan during the 3 year period ending on the day of the invitation, will exceed 5% of the total number of issued Shares at the date of the invitation (unless the Constitution specifies a different percentage and subject to any limits approved by Shareholders under Listing Rule 7.2 Exception 13(b) refer to Resolution 5 and Section 6).</p>
Amendment of Plan	<p>Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.</p> <p>No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.</p>
Plan duration	<p>The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.</p> <p>If a Participant and the Company (acting by the Board) agree in writing that some or all of the securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those securities may be cancelled in the manner agreed between the Company and the Participant.</p>
Income Tax Assessment Act	<p>The Plan is a plan to which Subdivision 83A-C of the <i>Income Tax Assessment Act 1997</i> (Cth) applies (subject to the conditions in that Act) except to the extent an invitation provides otherwise.</p>

SCHEDULE 2 – TERMS AND CONDITIONS OF CONVERTIBLE NOTES

A summary of the terms and conditions of the Convertible Notes and the Convertible Note Agreement is set out below:

- (a) **Quantum:** Provision of an advance and the issue of convertible securities for an aggregate amount of up to A\$6,000,000.
- (a) **Face Value:** \$1.00 per Convertible Note.
- (b) **Facilitation Fee:** A fee of 3.0% of the amount of the Convertible Notes issued pursuant to the Convertible Note Agreement, being an amount of \$150,000. The facilitation fee will be capitalised and added to the face value of the \$5 million advanced for the 5,000,000 convertible notes.
- (c) **Upfront Options:** at the same time as paying the Facilitation Fee (in accordance with clauses 12.5(b) and 12.5(c) of the Convertible Note Agreement), the Company will grant to the Investor or its nominee up to 12,000,000 Options on the following basis:
 - (i) the number of Options to be issued at the same time as payment of the Facilitation Fee shall be equal to the number of securities the Company is able to agree to issue on the date of entry into the Financing Documents without breaching its 15% limit under Listing Rule 7.1 (**Upfront Options**);
 - (ii) the Company agrees to issue the number of Options equal to 10,000,000 less the number of Upfront Options subject to receipt of Shareholder approval; and
 - (A) the Options will have the terms and conditions set out in Schedule 5 of the Convertible Note Agreement; and
 - (B) in the event that the issue of the Options requires Shareholder approval, and the Company does not receive Shareholder approval, the Company will, within 5 Business Days of the date of the meeting where Shareholder approval is not obtained, pay to the Investor an amount equal to the Black & Scholes valuation of the Options at the time of the Shareholder meeting.
- (d) **Maturity Date:** 22 January 2026, unless otherwise agreed in writing by the Parties.
- (e) **Conversion:** Subject to paragraph (g), the Noteholder may convert some or all of the Convertible Notes held by the Noteholder into Shares (including those Convertible Notes which following the occurrence of a Redemption Event, the Noteholder has not required the Company to redeem, at any prior to the Maturity Date by delivering to the Company :
 - (i) an executed Conversion Notice specifying the number of Convertible Notes to be redeemed and converted;
 - (ii) the Note Certificate(s) in respect of the number of Convertible Notes to be redeemed and converted; and
 - (iii) advising the Company in writing if the Noteholder wishes for the interest on the Convertible Notes to be paid in cash.
- (f) **Suspension of conversion rights:** Upon the announcement of a trade sale, scheme of arrangement or takeover (each, a **Takeover Event**) by the Company, to the extent required by the ASX Listing Rules and/or the Corporations Act the Noteholder's right to convert the Convertible Note will be suspended until the earlier of:
 - (i) completion of the Takeover Event; and

- (ii) termination of the Takeover Event.
- (g) **Conversion Price** means the lower of:
 - (i) \$0.027; and
 - (ii) the issue price of Shares offered under any subsequent capital raising completed by the Company to raise over \$1,000,000 on or before the Maturity Date.
- (h) **Redemption Events:**
 - (i) At any time following the occurrence of a Redemption Event, the Noteholder may require the Company to redeem some or all of the Convertible Notes held by the Noteholder
 - (ii) Each of the following is a **Redemption Event** (whether or not caused by anything outside the control of any party):
 - (A) on Insolvency Event (as defined in the October 2020 Note Agreement) occurs in relation to the Company.
 - (B) The Company breaches its obligations under the October 2020 Convertible Note Agreement or the convertible note terms and such breach is not remedied within 7 days of being notified of such breach by Peters Investments.
 - (i) Within 20 Business Days of receiving a redemption notice and note certificates, the Company must pay to Peters Investments the outstanding amount for such number of Convertible Notes being redeemed.
- (j) **Redemption on Maturity Date:** If the Convertible Notes have not been redeemed or converted in accordance with the Convertible Note Agreement prior to the Maturity Date, the Company must repay the Outstanding Amount to the Investor in cash on the Maturity Date and the Convertible Notes will be deemed to have been redeemed by the Company on that date.
- (k) **Interest Payment Date** means the earlier of:
 - (i) the Redemption Date;
 - (ii) the Conversion Date; or
 - (iii) the Maturity Date.
- (l) **Interest Rate** means the higher of:
 - (i) 8% per annum; and
 - (ii) the interest rate of the remaining Senior Debt.

The interest will be calculated at the interest rate from 1 October 2020 to the Maturity Date, payable on the Interest Payment Date and may be satisfied in cash or Shares upon agreement of the Company and Peters Investments.

(m) **Security**

The Company's obligations in relation to the Convertible Notes shall be secured by a charge over all of the assets of the Company subordinate to Macquarie Bank's security over all of the assets of the Company for so long as any debt remains outstanding to Macquarie Bank.

SCHEDULE 3 – KEY TERMS AND CONDITIONS OF SECURITY DEED

A summary of the key terms and conditions of the Security Deed is set out below:

- (a) **Grant:** The Grantor grants a Security Interest to the Secured Party in all its present and after-acquired property including:
- (i) its assets and undertakings (where Personal Property or Other Property) and its Unpaid Capital; and
 - (ii) anything in respect of which the Grantor has a sufficient right or interest to grant a Security Interest under the PPSA or any other law; and
 - (iii) anything else in which the Grantor has a sufficient right to be able to grant a Security Interest (including a mortgage and/or charge over real property),
- and any Proceeds of, or in respect of, any Collateral (including the Proceeds of Proceeds).
- For the avoidance of doubt, however without limiting this clause, for the purposes of section 20(2)(b) of the PPSA the Secured Party takes a Security Interest in all of the Grantor's present and after-acquired property.
- (b) **Nature and Priority:** Each Security Interest granted by the Grantor under the Security Deed ranks in priority before any other Security Interest other than:
- (i) any Security Interest mandatorily preferred by law; and
 - (ii) any Permitted Security that ranks in priority to it;
- (c) **Secured Money:** Each Security Interest granted under the Security Deed secures the due and punctual payment of the Secured Money.
- (d) **Interaction with Intercreditor Deed:**
- (i) All rights, obligations and liabilities of the Secured Party and the Grantor as set out in the Security Deed are subject to the Intercreditor Deed.
 - (ii) To the extent of any inconsistency between the Security Deed and the Intercreditor Deed, the terms of the Intercreditor Deed will prevail.
- (e) **Dealing with Collateral:** Except with the Secured Party's prior written consent or as expressly permitted in the Security Deed or any Finance Document, the Grantor shall:
- (i) not create or allow to exist any Security Interest over any Collateral or Ancillary Collateral other than a Permitted Security;
 - (ii) ensure that there is no increase in the amount secured under a Security Interest held by someone other than the Secured Party in respect of the Collateral; and
 - (iii) not in any other way:
 - (A) dispose of; or
 - (B) create or allow any interest in,any Collateral or any Ancillary Collateral other than by way of a Permitted Disposal.

- (f) **Discharge:** Subject to paragraph (g) below, at the Grantor's written request, the Secured Party must discharge the Security Interest created under the Security Deed if the Secured Money has been paid in full.
- (g) **Final Discharge:** The Secured Party is not obliged to discharge the Security Interest if, at the time the requirements of paragraph (g) are satisfied:
- (i) the Secured Party is of the opinion (acting reasonably) that the Grantor owes further Secured Money contingently or otherwise to the Secured Party; or
 - (ii) if an Event of Default has occurred, the Secured Party has not sold or agreed to sell any Collateral and is not deemed to have taken any Collateral in satisfaction of the Secured Money.
- (h) **Powers on enforcement:** To the extent permitted by law, at any time while an Event of Default is subsisting the Secured Party or any Authorised Officer of the Secured Party may exercise any of the powers set out in in the Security Deed, without any need to take possession and without being liable as Secured Party in possession. It may also exercise those powers through one or more agents, in which case anything done or incurred by an agent will be taken to be done or incurred by the Secured Party.
- (i) **Indemnity:** The Grantor indemnifies the Secured Party against, and must pay to the Secured Party on demand amounts equal to, any Loss (including loss of profit) arising as a result of or in connection with:
- (i) the Grantor failing to:
 - (A) pay any Secured Money (or money which would be Secured Money if it were recoverable) on time; or
 - (B) observe or perform its obligations under each Finance Document on time;
 - (ii) the Grantor is or is deemed to be Insolvent; or
 - (iii) any Secured Money (or money which would be Secured Money if it were recoverable) not being recoverable from the Grantor, or a liability or obligation to pay the Secured Money or perform any obligation under a Finance Document not being enforceable against the Grantor,
- for any reason and whether or not the Grantor, knew or ought to have known anything about those matters.
- (j) **Set-Off:** If an Event of Default subsists, the Secured Party may apply any credit balance in any currency (whether or not matured) in any account of the Grantor with the Secured Party towards satisfaction of any sum then due and payable by the Grantor to the Secured Party under or in relation to any Finance Document. The Secured Party need not make the application.

Defined terms used in this Schedule 3 have the following meanings:

Ancillary Collateral means any asset subject to an Ancillary Security granted by the Grantor.

Ancillary Security means any Security Interest, Guarantee or other document or agreement at any time created or entered into as security for any Secured Money.

Authorised Officer means any director, secretary or Chief Financial Officer and such other persons as the parties may agree from time to time in writing.

Collateral means the property subject to a Security Interest granted under the Security Deed.

Event of Default includes any 'Event of Default' defined in any Finance Document and also occurs when the Grantor commits a material breach of a covenant, condition or obligation imposed on it by any Finance Document and that breach is not remedied within 7 days of receiving notice of the breach from the Secured Party requiring the breach to be remedied.

Finance Document means:

- (a) the Security Deed;
- (b) the Convertible Note Agreement;
- (c) any Ancillary Security;
- (d) any document or agreement which the Grantor and the Secured Party at any time agree is to be a Finance Document for the purposes of the Security Deed; or
- (e) a document or agreement entered into for the purpose of amending or novating, any of the above and it includes a written undertaking by or to a party or its lawyers under or in relation to any of the above.

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

Intercreditor Deed means the document entitled "Intercreditor Deed – The Agency" entered into on 15 May 2020 between, amongst others, Top Level Real Estate Pty Ltd (a wholly owned subsidiary of the Grantor) and the Secured Party.

Liquidation includes official management, statutory management, appointment of an administrator or receiver, compromise, arrangement, merger, amalgamation, reconstruction, winding up, dissolution, assignment for the benefit of creditors, scheme, composition or arrangement with creditors, insolvency, bankruptcy, or any similar procedure or, where applicable, changes in the constitution of any partnership or person, or death.

Loss means any action, claim, charge, compensation, cost, damage, expense, fine, liability, loss, outgoing or penalty suffered, paid or incurred.

Marketable Securities has the following meaning:

- (a) the meaning given to that expression in the Corporations Act; and
- (b) any units (whatever called) in a trust estate which represent a legal or beneficial interest in any of the income or assets of that trust estate and includes, but is not limited to, any options to acquire any units as described in this paragraph (b).

Permitted Security means:

- (a) every lien created by operation of law securing an obligation that is not yet due;
- (b) every lien for the unpaid balance of purchase moneys under an instalment contract entered into in the ordinary course of business;
- (c) every lien for the unpaid balance of moneys owing for works or repairs;
- (d) every easement, right of way, restrictive covenant, profit a prendre, encroachment, reservation, restriction, condition or limitation which does not materially:

- (i) interfere with or impair the operation or use of the property affected by it for the purpose for which the property is or may reasonably be expected to be held by the Grantor; or
 - (ii) affect the value of the property affected by it; and
- (e) every Security Interest of a municipality or government or other public authority for taxes, rates or charges which are not overdue or are being contested in good faith,

which affects or relates to any of the Collateral.

Personal Property means all of the Grantor's present and after-acquired personal property to which the PPSA applies, and all of the Grantor's present and future rights in relation to any personal property to which the PPSA applies, including all Trustee Property to which the PPSA applies.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Proceeds means:

- (a) any Marketable Security, any right to take up Marketable Securities or any allotment of further Marketable Securities;
- (b) any Marketable Security resulting from the conversion, consolidation or sub division of a Marketable Security;
- (c) any distribution or dividend under, and any proceeds of, or of the disposal of, anything specified in this definition;
- (d) without limiting paragraphs (a), (b) or (c) of this definition, proceeds as defined in sections 31(1)(c) and 31(1)(e) of the PPSA.

Secured Money means all money which the Grantor (whether alone or not) is or at any time may become actually or contingently liable to pay to or for the Secured Party's account (whether alone or not) for any reason whatever under or in relation to a Finance Document, whether or not currently contemplated.

It includes money by way of principal, interest, fees, costs, indemnity, Guarantee, charges, duties or expenses, or payment of liquidated or unliquidated damages under or in relation to a Finance Document, or as a result of a breach of or default under or in relation to, a Finance Document.

It also includes money that the Grantor would have been liable to pay but for its Liquidation, or some other reason.

Secured Party means Peters Investments Pty Ltd (ACN 008 699 287).

Security Interest means any mortgage, pledge, lien, charge, assignment, hypothecation or security, or any other agreement or arrangement having a similar commercial or legal effect, and includes an agreement to grant or create any of those agreements or arrangements. It includes a security interest within the meaning of section 12 of the PPSA, other than an interest in personal property that would not be a security interest but for the operation of section 12(3) of the PPSA.

Unpaid Capital means any uncalled or unpaid share capital or premiums of the Grantor.



The Agency Group Australia Limited

Independent Expert's Report and Financial Services Guide

19 September 2022

In our opinion the proposed
transaction is fair and reasonable to the
non-associated shareholders



FINANCIAL SERVICES GUIDE

Dated: 19 September 2022

What is a Financial Services Guide ('FSG')?

This FSG is designed to help you decide whether to use any of the general financial product advice provided by Nexia Perth Corporate Finance Pty Ltd ABN 84 009 342 661 ('NPCF'), Australian Financial Services Licence Number 289358 ('AFSL').

This FSG includes information about:

- NPCF and how they can be contacted;
- the services NPCF is authorised to provide;
- how NPCF are paid;
- any relevant associations or relationships of NPCF;
- how complaints are dealt with as well as information about internal and external dispute resolution systems, and how you can access them; and
- the compensation arrangements that NPCF has in place.

Where you have engaged NPCF we act on your behalf when providing financial services. Where you have not engaged NPCF, NPCF acts on behalf of our client when providing these financial services and are required to provide you with a FSG because you receive a report or other financial services from NPCF.

Financial Services that NPCF is authorised to provide

NPCF, which holds an AFSL authorising it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products.

NPCF's responsibility to you

NPCF has been engaged by the directors of The Agency Group Australia Ltd ('The Agency Group' or the 'Client') to provide general financial product advice in the form of an independent expert's report dated on or about 19 September 2022 ('Report'), which is to be included in the Notice of Annual General Meeting (the 'Notice of Meeting' or 'Document') sent to The Agency Group shareholders dated on or about 5 October 2022.

You have not engaged NPCF directly but have received a copy of the Report because you have been provided with a copy of the Document. NPCF or the employees of NPCF are not acting for any person other than the Client.

NPCF is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As NPCF has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Notice of Meeting.

Fees NPCF may receive

NPCF charges fees for preparing Reports. These fees will usually be agreed with, and paid by the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay NPCF \$35,000 (excluding GST and out of pocket expenses) for preparing the Report. NPCF and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

Referrals

NPCF does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and Relationships

Through a variety of corporate and trust structures NPCF is controlled by and operates as part of the Nexia Perth Pty Ltd. NPCF's directors and authorised representative may be directors in the Nexia Perth Pty Ltd group entities ('Nexia Perth Group'). Ms Evelyn Tan, and Ms Muranda Janse Van Nieuwenhuizen, both Directors and Representatives of NPCF, have prepared this Report. The financial product advice in the Report is provided by NPCF and not by the Nexia Perth Group.

From time to time, NPCF, the Nexia Perth Group and related entities ('Nexia entities') may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Over the past two years, Nexia entities have received fees from the Client of \$72,181 plus GST in relation to Independent Expert Reports.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the proposed transaction described in this Report.

Complaints Resolution

If you have a complaint, please let NPCF know. Formal complaints should be sent in writing to:

Nexia Perth Corporate Finance Pty Ltd
Head of Compliance
GPO Box 2570
Perth WA 6001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Susan Montanari, on +61 8 9463 2463 and she will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External Complaints Resolution Process

If NPCF cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Australian Financial Complaints Authority ('AFCA'). AFCA is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below.

Australian Financial Complaints Authority
GPO Box 3, Melbourne, Victoria 3001
Telephone: 1800 931 678
Email: info@afca.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation Arrangements

NPCF has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details
You may contact NPCF at:

Nexia Perth Corporate Finance Pty Ltd
GPO Box 2570
Perth WA 6001

19 September 2022

The Directors
The Agency Group Australia Ltd
68 Milligan Street
PERTH WA 6000

Dear Sirs / Madams,

INDEPENDENT EXPERT'S REPORT

1. BACKGROUND AND OUTLINE OF THE PROPOSED TRANSACTION

1.1 Background

On 25 July 2022, The Agency Group Australia Ltd ('The Agency Group' or the 'Company') announced it entered into an Amendment Deed (the 'Amendment Deed') in respect of its primary secured debt facility with Macquarie Bank Limited ('Macquarie Bank') ('Macquarie Bank Facility' or 'Facility') and has agreed, subject to receipt of shareholders' approval, to extend the maturity date of the Company's pre-existing convertible notes (the 'Convertible Notes') held by Peters Investments Pty Ltd ('Peters Investments').

As part of the Amendment Deed, the Macquarie Bank Facility limit was increased to \$8,400,000, including additional proceeds of \$3,400,000 to assist in funding the acquisition of Bushby & Co. Pty Ltd ('Bushby & Co'), which was announced on 12 July 2022 and detailed in section 5.2.4. The Macquarie Bank Facility has a maturity date of 22 July 2025 (extended from 5 January 2023) and an interest rate of the aggregate of 3.75% per annum and the 30-day Bank Bill Swap Reference (BBSW).

The Company has agreed with Macquarie Bank to invest \$3,800,000 into a Macquarie Bank investment account for a term of 120 days and has agreed to not draw down on these monies until it has received shareholders' approval in relation to the extension of the Convertible Notes (if before this period). Following shareholders' approval, or if Peters Investments converts the Convertible Notes, the Company can continue its investment with Macquarie Bank or transfer into any other bank account facilities.

The outstanding amount (including all accrued but unpaid interest) of the Convertible Notes, as at 31 August 2022, was \$3,679,576. The Convertible Notes were put in place in May 2020, initially totalling \$1,000,000, then increasing to \$6,000,000 as part of a funding package announced in October 2020. The interest rate on the Convertible Notes is pegged at the higher of 8% per annum and the interest rate of the Macquarie Bank Facility. The Company and Peters Investments have entered into a deed of variation (the 'Deed of Variation') to extend the maturity date of the Convertible Notes from 31 March 2023 to 22 January 2026, subject to shareholders' approval of Resolution 7 of the Notice of Meeting.

At the time the Convertible Notes were put in place in May 2020, the Company also entered into a security deed with Peters Investments pursuant to which the Company's obligations in relation to the Convertible Notes were secured by a charge over all of the assets of the Company (subordinate to Macquarie Bank's security over all of the assets of the Company for so long as any debt remains outstanding to Macquarie Bank) (the 'Security Deed'). The Security Deed was entered into prior to Peters Investments being a substantial holder under Australian Securities Exchange ('ASX') Listing Rule 10.1 of Chapter 10 'Transactions with persons in a position of influence' ('ASX Listing Rule 10.1').

Nexia Perth Corporate Finance Pty Ltd

AFSL 289 358
Level 3, 88 William Street
Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463
f +61 8 9463 2499
e info@nexiaperth.com.au
w nexia.com.au

Nexia Perth Corporate Finance Pty Ltd (ABN 84 009 342 661) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

Since the part conversion of the Convertible Notes and subsequent exercise of options, Peters Investments currently holds 30.24% of The Agency Group shares ('Share(s)' or 'AU1 Share(s)'), and has, in the six months prior to entering into the Deed of Variation, been a substantial (10%+) holder in the Company. Accordingly, the Company seeks Shareholders' approval for the Security Deed in accordance with ASX Listing Rule 10.1.

Nexia Perth Corporate Finance Pty Ltd ('NPCF') has been requested by the directors of the Company to prepare an Independent Expert's Report ('Report') in relation to the Security Deed with Peters Investments ('Proposed Transaction') and to express an opinion on whether the Proposed Transaction is fair and reasonable to the shareholders of The Agency Group who are not associated with Peters Investments.

Our Report has been prepared to accompany The Agency Group's Notice of Annual General Meeting ('Notice of Meeting') that will be distributed to shareholders of the Company for the Annual General Meeting, which will be held on or around 11 November 2022.

1.2 Overview of the Convertible Notes

The Convertible Notes were initially put in place in May 2020, when Peters Investments Pty Ltd agreed to invest in the Company through the subscription of \$1,000,000 convertible notes. These convertible notes bore an interest rate of 9% per annum and were convertible into AU1 Shares at the lower of \$0.04 per share and a 20% discount to the 15-day volume weighted average price ('VWAP') prior to the conversion date. The convertible notes issue also included 2,000,000 free attaching options.

On 4 January 2021, following shareholders' approval, the Company issued a further \$5,000,000 convertible notes to Peters Investments. These convertible notes included an interest rate at the higher of 8% per annum and the interest rate on the Macquarie Bank Facility, and convertible into AU1 Shares at the lower of \$0.027 per share and the issue price of Shares offered under any subsequent capital raising over \$1,000,000. These convertible notes also included 12,000,000 free attached options, exercisable at the \$0.027 per share. At the same time, the terms of the initial \$1,000,000 convertible notes were amended to be consistent with the terms of the \$5,000,000 convertible notes.

On 28 January 2021, Peters Investments converted \$3,121,780 of Convertible Notes (principal and accrued unpaid interest) into 115,621,485 Shares as well as exercised the 2,000,000 and 12,000,000 options, resulting in a total shareholding of 129,621,485 Shares, equivalent to a 30.24% interest in The Agency Group.

The key terms and conditions of the Convertible Notes and the Security Deed are provided in the schedule to the Notice of Meeting. A summary of the material terms of the Convertible Notes is set out below:

Amount	\$3,679,576 currently outstanding (including all accrued but unpaid interest).
Maturity Date	22 January 2026 subject to shareholders' approval (extended from 31 March 2023).
Interest	The higher of 8% per annum and the interest rate of the Macquarie Bank Facility, to be calculated from 1 October 2020 to the Maturity Date, and may be satisfied in cash or AU1 Shares upon agreement by the Company and Peters Investments.
Conversion Price	The lower of \$0.027 and the issue price of AU1 Shares offered under any subsequent capital raising to raise over \$1 million completed on or before the maturity date.
Suspension of Conversion Right upon Takeover Event	Upon the announcement of a trade sale, scheme of arrangement or takeover (each a 'Takeover Event') by the Company, to the extent required by the ASX Listing Rules and/or the Corporations Act, Peters Investments' right to convert the Convertible Note will be suspended until the earlier of the completion or the termination of the Takeover Event.
Security	The Company's obligations in relation to the Convertible Notes shall be secured by a charge over all of the assets of the Company subordinate to Macquarie Bank's security over all of the assets of the Company for so long as any debt remains outstanding to Macquarie Bank.

Source: Draft Notice of Meeting, Convertible Note Agreement and the Deed of Variation

2. PURPOSE OF REPORT AND BASIS OF ASSESSMENT

2.1 Purpose of Report

The purpose of this Report is to provide an opinion on whether the Proposed Transaction is fair and reasonable to the shareholders of The Agency Group who are not associated with Peters Investments ('non-associated shareholders').

ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its subsidiaries, acquires or agrees to acquire a substantial asset from, or disposes of or agrees to dispose of a substantial asset to:

- a) a related party of the entity;
- b) a subsidiary of the entity;
- c) a person who is, or was at any time in the 6 months before the transaction or agreement, a substantial (10%+) holder in the entity;
- d) an associate of a person referred to in a) to c) above; or
- e) a person whose relationship to the entity or a person referred to in a) to d) above is such that, in ASX's opinion, the transaction should be approved by shareholders,

without obtaining its shareholders' approval, unless any of the exceptions in ASX Listing Rule 10.3 apply.

Listing Rule 10.1 is based on the premise that a Listing Rule 10.1 party is likely to be in a position to influence whether the entity acquires a substantial asset from them, or disposes of a substantial asset to them, as well as the terms on which the acquisition or disposal take place.

An entity that is in a position of significant influence specifically includes any related party to the listed entity and any 'substantial (10%+) holder' (as defined in the ASX Listing Rules). A related party includes directors of an entity and entities controlled by such directors (including directors within the past 6 months), and a 'substantial (10%+) holder' is a person who, together with their associates, holds a relevant interest in at least 10% of the issued voting shares in the listed entity.

Section 6.7 of ASX Guidance Note 24 'Acquisitions and Disposals of Substantial Assets involving Persons in a Position of Influence' states that the definition of 'dispose' includes using an asset as collateral. Accordingly, the granting of security by an entity over any of its assets to secure a debt or obligation owing to a Listing Rule 10.1 party is regarded as a disposal of those assets by the entity to the Listing Rule 10.1 party.

Under ASX Listing Rule 10.2, an asset is 'substantial' if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX. Based on the latest audited annual accounts given to ASX, for the financial year ended 30 June 2022, a substantial asset would be an asset of value greater than \$820,000 (being 5% of The Agency Group's equity of \$16,400,000).

The Security Deed grants a charge over all of the assets of the Company (subordinate to Macquarie Bank's security over all of the assets of the Company for so long as any debt remains outstanding to Macquarie Bank), as such Peters Investments has a security interest of up to \$3,679,576 based on the current Convertible Notes balance (or \$4,824,365 at the maturity of the Convertible Notes assuming no further conversion, accrues interest at a rate of 8% per annum and unpaid until maturity), which exceeds \$820,000. Accordingly, the Security Deed is considered a 'substantial' asset for the purposes of ASX Listing Rule 10.2.

Therefore, since Peters Investments currently holds 30.24% of the shares on issue in the Company and has, in the 6 months prior to the agreement, been a substantial (10%+) holder in the Company, the Company is required to seek shareholders' approval for the Security Deed in accordance with Listing Rule 10.1.

The requirement of an independent expert to report on the transaction is stated under ASX Listing Rule 10.5.10. The report provided by the independent expert is required to state the expert's opinion as to whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not be disregarded.

Consistent with the requirement under ASX Listing Rule 10.5.10, the Directors of The Agency Group have requested NPCF to prepare an independent expert's report, the purpose of which is to provide an independent opinion as to whether or not the Proposed Transaction is fair and reasonable to the non-associated shareholders of The Agency Group.

This Report is prepared pursuant to the requirements of ASX Listing Rule 10.1 and in accordance with the guidance of Australian Securities and Investments Commission's ('ASIC') Regulatory Guide 111 Content of expert report ('RG 111'), Regulatory Guide 112 Independence of experts ('RG 112') and Regulatory Guide 76 Related party transactions ('RG 76').

2.2 Basis of assessment

RG 111 provides guidance to experts on how to draft an expert report that satisfies the requirements of the Corporations Act. Whilst RG 111 focuses on reports prepared for transactions under Chapters 2E, 5, 6 and 6A of the Corporations Act, whether they are required by the Corporations Act or are commissioned voluntarily, the principles may also be relevant to independent expert reports commissioned for other purposes, including independent expert reports required under the ASX Listing Rules.

Paragraphs RG 111.52 to RG 111.63 of RG 111 provide guidance on related party transactions under Chapter 2E of the Corporations Act or for a transaction with a person in a position of influence that requires member approval under ASX Listing Rule 10.

The regulatory guide states that when analysing related party transactions, an expert needs to focus on the substance of the related party transaction rather than the legal mechanism. In analysing a related party transaction, the expert is required to express an opinion on whether the transaction is 'fair and reasonable' from the perspective of non-associated members. This analysis is specifically required where the report is also intended to accompany meeting materials for member approval of an asset acquisition or disposal under ASX Listing Rule 10.1.

RG 111.56 states that, where an expert assesses whether a related party transaction is 'fair and reasonable', this should not be applied as a composite test. There should be a separate assessment of whether the transaction is 'fair' and 'reasonable'.

A proposed related party transaction is 'fair' if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

A proposed related party transaction is 'reasonable' if it is 'fair' but it might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons for members to vote for the proposal.

2.3 Conduct of our assessment

We have assessed the Proposed Transaction as being:

- 'fair' if the value of the financial benefit to be provided by The Agency Group to Peters Investments (in this case, the cash or asset proceeds due to Peters Investments under the Security Deed in the event of an enforcement of its security) is equal to or less than the value of the consideration being received by The Agency Group from Peters Investments (in this case, the outstanding balance of the Convertible Notes, being the aggregate of principal and unpaid interest, owed to Peters Investments at the time of the enforcement); and
- 'reasonable' if it is fair, or despite not being fair, after considering other significant factors, we believe there are sufficient reasons for non-associated shareholders to approve the Proposed Transaction, in the absence of any alternative offers.

This engagement is conducted in accordance with Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

3. SUMMARY AND OPINION

This section is a summary of our opinion and cannot substitute for a complete reading of this Report. Our opinion should be read in conjunction with this Report in its entirety. Our opinion is based solely on information available as at the date of this Report.

In our opinion, the Proposed Transaction is fair and reasonable to non-associated shareholders in the absence of more superior alternative offers.

The principal factors that we have considered in forming our opinion are summarised below.

3.1 Assessment of Fairness

In determining whether or not the Proposed Transaction is fair to non-associated shareholders, we have compared the value of the cash or asset proceeds due to Peters Investments under the Security Deed in the event of an enforcement of its security ('Enforcement Proceeds') to the outstanding balance of the Convertible Notes, being the aggregate of principal and unpaid interest, owed to Peters Investments at the time of the enforcement ('Outstanding Convertible Notes'). This is summarised as follows.

Scenario 1	Scenario 2	Scenario 3
Enforcement Proceeds equals to Outstanding Convertible Notes	Enforcement Proceeds equals to Outstanding Convertible Notes	Enforcement Proceeds less than Outstanding Convertible Notes

Source: NPCF analysis

where:

- Scenario 1 is when the value of the Enforcement Proceeds is greater than the value of the Outstanding Convertible Notes but the creditor is not able to receive more than the amount that is owed;
- Scenario 2 is when the value of the Enforcement Proceeds is equal to the value of the Outstanding Convertible Notes and the creditor is only able to receive the amount that is owed; and
- Scenario 3 is when the value of the Enforcement Proceeds is less than the value of the Outstanding Convertible Notes and the creditor is only able to receive the amount that is available to it to settle the amount that is owed.

The outcomes of each of the enforcement scenarios above are that the value of the Enforcement Proceeds is either equal to or less than the value of the Outstanding Convertible Notes. This means that under all circumstances, the cash and asset proceeds due to Peters Investments under the Security Deed, in the event of an enforcement of its security, are either equal to or less than the outstanding balance of the Convertible

Notes, being the aggregate of principal and unpaid interest, owed to Peters Investments at the time of the enforcement.

Therefore, we have concluded that the Proposed Transaction is fair to the non-associated shareholders.

3.2 Assessment of Reasonableness

In accordance with RG 111, a related party transaction or a transaction with a person in a position of influence is reasonable if:

- the transaction is fair; or
- despite not being fair, but considering other significant factors, there are sufficient reasons for shareholders to approve the Proposed Transaction, in the absence of any alternative offers.

In forming our opinion, we have considered the following relevant factors (see section 9).

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ The extension of the Macquarie Bank Facility and Convertible Notes removes a near-term or 2023 refinancing risk ▪ There are no changes to the Peters Investments' security rights that have been in place since 2020 ▪ Peters Investments now being a substantial holder will have a vested interest in ensuring that the Company is able to meet all its debt obligations to avoid an enforcement of security ▪ It is likely any alternative sources of funding will also require security over the Company's assets 	<ul style="list-style-type: none"> ▪ The provision of a subordinated security for the Convertible Notes may increase the financial risk of the Company and reduce the surplus left for shareholders compared to an unsecured facility. However, we note that this was in place since the inception of the initial Convertible Notes in 2020 ▪ The security arrangement in place could make it more challenging for the Company to raise further capital in the future. However, we note that this was in place since the inception of the initial Convertible Notes in 2020

We note that, if the approval sought under Resolution 7 of the Notice of Meeting, relating to the Proposed Transaction, is not obtained, the Company cannot proceed with the Security Deed with Peters Investments, which would trigger a default under the Convertible Note Agreement. Whilst Peters Investments has the conversion option, it may instead elect to exercise alternative remedies under the default which may have consequences on the Macquarie Bank Facility. Depending on the subsequent course of action that Macquarie Bank takes, and whilst not a definitive consequence, there is a possibility that these events may result in the need to refinance the Macquarie Bank Facility.

As the Proposed Transaction is fair, and taking into account other significant factors, we have concluded that the Proposed Transaction is reasonable.

4. LIMITATIONS

4.1 Individual shareholders' circumstances

The ultimate decision whether to approve the Proposed Transaction should be based on each shareholder's own assessment of the Proposed Transaction and own assessment of their circumstances, including their own risk profile, liquidity preference, tax position and expectations as to value and future market conditions. We strongly recommend that shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the Notice of Annual General Meeting, and consider their own specific circumstances before voting in favour of or against the Proposed Transaction. If in doubt about the Proposed Transaction or matters dealt with in this Report, shareholders should seek independent professional advice.

4.2 Limitations on reliance on information

The documents and information relied on for the purposes of this Report are set out in Appendix B. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that documents and material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Proposed Transaction is fair and reasonable to the shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit or extensive examination might disclose. We understand the accounting and other financial information that was provided to us has been prepared in accordance with generally accepted accounting principles.

An important part of the information used in forming an opinion of the kind expressed in this Report is the opinions and judgement of Directors and management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

NPCF are not the auditors of The Agency Group. We have analysed and reviewed information provided by the Directors and management of The Agency Group and made further enquiries where appropriate. Preparation of this Report does not imply that we have in any way audited the accounts or records of The Agency Group.

In forming our opinion we have assumed:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the information set out in the Notice of Meeting to be sent to shareholders is complete, accurate and fairly represented in all material respects; and
- the publicly available information relied upon by NPCF in its analysis was accurate and not misleading.

This Report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this Report which may impact upon this Report or which may impact upon the assumptions referred to in the Report.

Yours faithfully

Nexia Perth Corporate Finance Pty Ltd



Evelyn Tan
Director



Muranda Janse Van Nieuwenhuizen
Director

STRUCTURE OF REPORT

Our Report is set out under the following headings:

1. BACKGROUND AND OUTLINE OF THE PROPOSED TRANSACTION	1
2. PURPOSE OF REPORT AND BASIS OF ASSESSMENT	3
3. SUMMARY AND OPINION	5
4. LIMITATIONS	6
5. OVERVIEW OF THE AGENCY GROUP	9
6. INDUSTRY ANALYSIS	19
7. VALUATION METHODOLOGIES	21
8. ASSESSMENT OF FAIRNESS OF THE PROPOSED TRANSACTION	21
9. ASSESSMENT OF REASONABLENESS OF THE PROPOSED TRANSACTION	24
10. OPINION	25

APPENDICES

APPENDIX A – GLOSSARY	26
APPENDIX B - SOURCES OF INFORMATION	28
APPENDIX C - STATEMENT OF DECLARATION & QUALIFICATIONS	29
APPENDIX D - VALUATION METHODOLOGIES	31

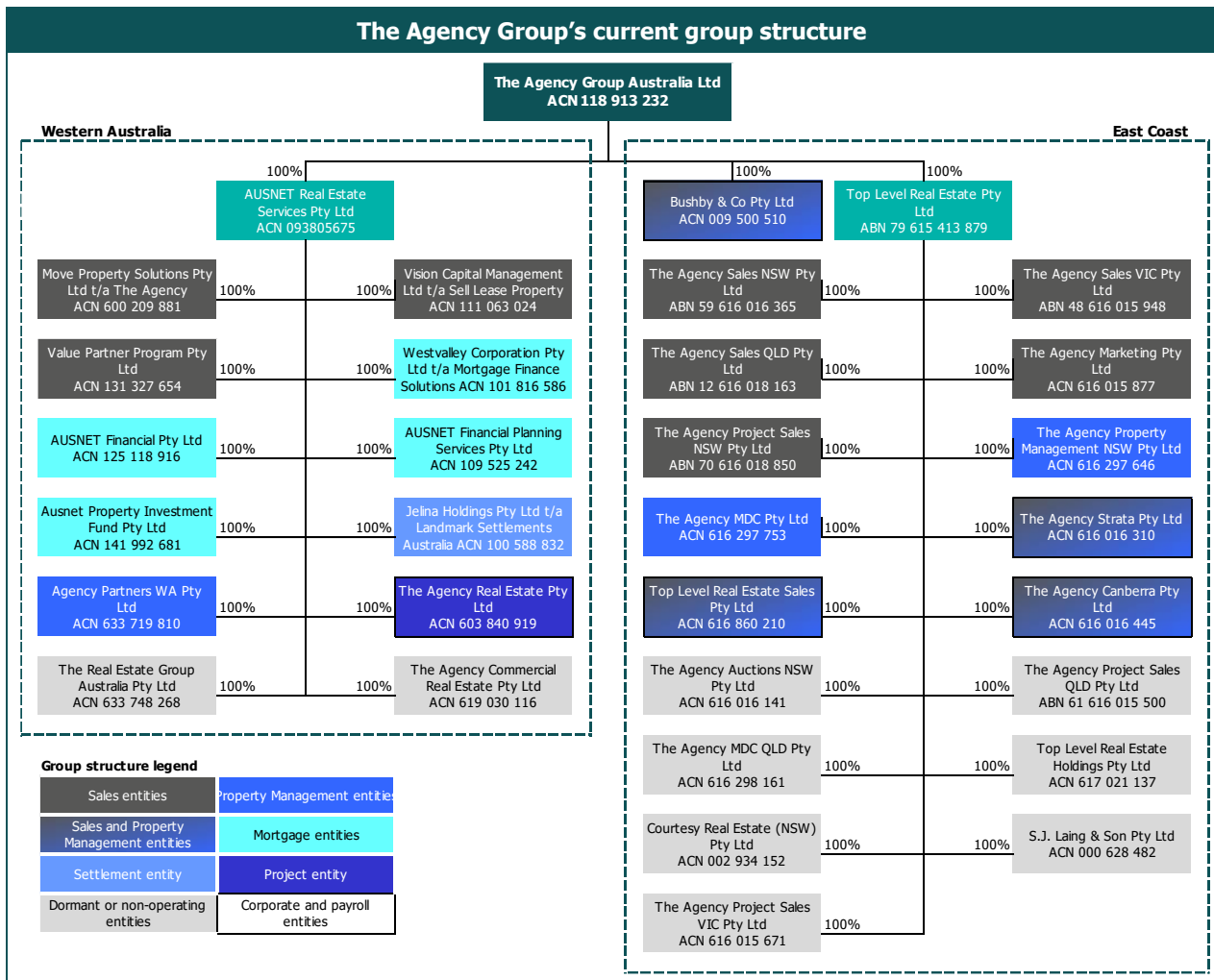
5. OVERVIEW OF THE AGENCY GROUP

5.1 Corporate history

The Agency Group Australia Limited is a public listed company headquartered in Perth, Australia (ASX code: AU1). The Agency Group originally commenced operations in 1996 as a real estate agency in Western Australia under the name Ausnet Financial Services Ltd ('Ausnet'). On 28 December 2016, Ausnet listed on the ASX following a reverse acquisition of Namibian Copper Ltd. The Company was renamed to The Agency Group Australia Ltd on 12 December 2017.

Following a combination of organic and acquisition led growth, the Agency Group has a national presence covering the ACT, New South Wales, Queensland, Victoria, Tasmania and Western Australia. The Company recently entered the Tasmanian property market with the acquisition of Bushby & Co. Other acquisitions since 2017 include: Sell Lease Property Pty Ltd, Value Finance Pty Ltd and Complete Settlements Pty Ltd (in February 2018), Inglewood Estate Agency (in June 2018), Top Level Real Estate (in January 2019) and Vicus Residential, the residential sales and management division of The Vicus Property Group (in April 2018).

The Agency Group's current group structure includes the following entities:



Source: The Agency Group

5.2 Business activities and operations

The Agency Group and its subsidiaries (the 'Group') provide real estate services and related activities including: property marketing, mortgage broking, settlement services and property management services to the real estate sectors in ACT, New South Wales, Queensland, Victoria, Tasmania and Western Australia.

The Agency Group's model is a non-franchise, direct engagement model that alleviates agents of the distractions of managing office overheads and the administrative burden associated with operating a franchise and, instead, allows agents to focus on servicing their customers. The appeal of the model has been a factor in Company's success in acquiring other real estate businesses. Acquisitions since 2017 have contributed to the Company's rapid growth. Revenues have grown from \$9.57 million for the financial year ending 30 June 2017 to \$72.6 million for the year ending 30 June 2022 ('FY 2022').

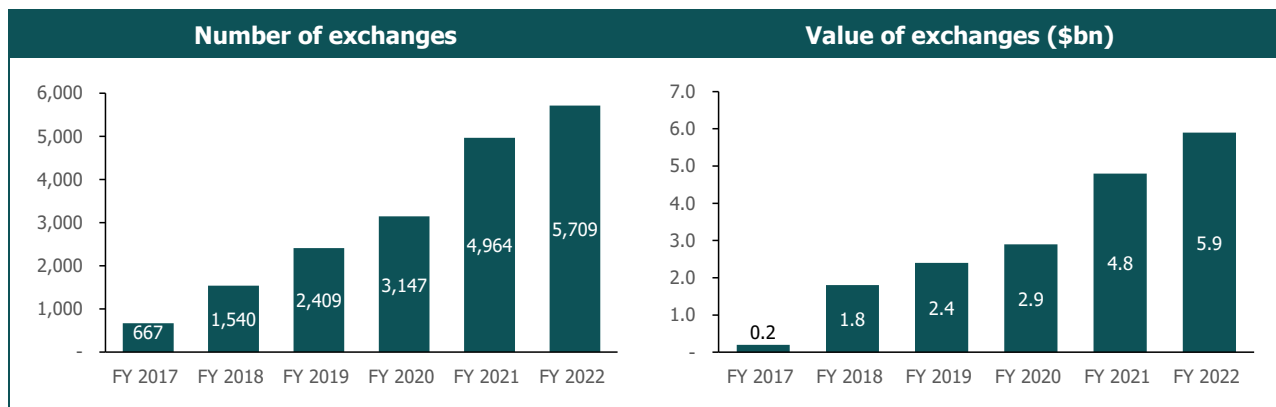
The Agency Group's operations are split between real estate services, covering sales of residential property and management of residential property, and ancillary services. The main service categories are summarised below:

5.2.1 Property sales

The Company's agents conduct sales of residential properties on behalf of property vendors under The Agency and the SLP Sell Lease Property brands. With the inclusion of the recently acquired Bushby & Co, The Agency Group now has over 400 agents nationally (versus eight agents in January 2017).

During FY 2022, The Agency Group recorded 5,709 properties sold, a 15% increase from the 4,964 properties sold in financial year ending 30 June 2021 ('FY 2021'). In FY 2022, the value of the sales amounted to \$5.9 billion in property value, which compares to \$4.8 billion in FY 2021.

The Agency Group's year-on-year growth in number of property exchanges and the value of property exchanges is shown below:



Source: The Agency Group

5.2.2 Property management

Under The Agency brand this division manages residential and commercial properties on behalf of property owners. The division operates an agent incentive model to drive performance and in turn generating stable, recurring revenue.

Properties under management grew from zero in January 2017 to 4,838 as at 30 June 2020. In September 2020, the Company sold The Agency Property Management WA Pty Ltd (the Agency Group's West Coast rent roll business), comprising of 1,173 properties under management for approximately \$3.6 million. The Company retained The Agency Group's East Coast property management business, which consisted of 3,665

properties under management as at 30 June 2020. As at 30 June 2022, the Company had 3,469 properties under management.

5.2.3 Ancillary services

This division's ancillary services include mortgage broking, conveyancing and settlement services. These services provide cross-sell opportunities for the rest of the business.

During FY 2022, the Company's Mortgage Solutions Australia business increased the number of home loan approvals by 13% versus FY 2021, from 412 to 464 approvals, and its Landmark Settlements business increased the number of deals by 17% versus FY 2021, from 1,538 to 1,803 deals. Revenue from the mortgage and settlement activities increased from \$4.4 million in FY 2021 to \$5.1 million in FY 2022, a 16% increase.

5.2.4 Bushby & Co acquisition

On 12 July 2022, the Company announced the acquisition of all the issued share capital of Bushby & Co. Pty Ltd, a leading Launceston, Tasmania based real estate business. Bushby & Co, which will be rebranded The Agency Group – Team Bushby, consists of nine sales agents, 32 staff and approximately 1,300 properties under management.

Total consideration of approximately \$5 million will be funded via the secured debt facility provided by Macquarie Bank and out of existing cash reserves, and consists of:

- a cash deposit of \$210,000 which was paid on the date of the share sale and purchase agreement, followed by a cash payment of \$4,190,000 at completion (on 25 July 2022), and a cash payment of \$400,000 consisting of a retention payment payable 90 days after the completion date subject to a retention adjustment;
- any management fee uplift in relation to rent roll properties, which (if payable) will be paid by The Agency Group six months after the completion date;
- any incentive payments, which (if payable) will be paid by The Agency Group in the first two years following completion; and
- any exchanged contract commissions in relation to pre-completion property contracts commission, which (if payable) will be paid by The Agency Group at the end of each calendar month.

5.3 **Directors and Key Management**

Below is a table of the Directors and key management personnel of The Agency Group:

Name	Position
Andrew Jensen	Executive Chairman and Chief Operating Officer
Geoff Lucas	Managing Director and Chief Executive Officer
Paul Niardone	Executive Director
Adam Davey	Non-Executive Director
Stuart Usher	Company Secretary

5.4 **Financial Information**

Set out below are the audited consolidated financial statements of The Agency Group for the years ended 30 June 2020, 30 June 2021 and 30 June 2022 ('FY 2020', 'FY 2021' and 'FY 2022', respectively).

The audit reports for FY 2020, FY 2021 and FY 2022 were unqualified. The Group's auditors drew attention to the material uncertainty related to going concern in its independent auditor's report for FY2020, that

indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. However, its opinion was not modified in respect of this matter.

The Group's auditors drew attention in the notes to the FY 2022 financial statements that the Company had a working capital deficit of \$8.43 million. However, subsequent to 30 June 2022, the Company renegotiated the terms of both the borrowing and financial liabilities, as detailed in section 1.1. It was noted in the financial report that the directors also prepared a cash flow forecast indicating that the Group will have sufficient cash flows to meet commitments and working capital requirements for the 12-month period from the date of the financial report.

Also, it is noted in the Group's annual report for FY 2022 that the ability of the Group to continue as a going concern is principally dependent on the following: the Group continuing to generate cash flows from profitable operations and the Group being in compliance with all terms of its debt facilities and not breaching the terms of its borrowing facilities. In the event these are not achieved the Group will need to raise funds from issued capital and/or alternative financing arrangements.

The Directors were satisfied the going concern basis of preparation was appropriate, based on the following:

- the Directors had prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet commitments and working capital requirements for the 12-month period from the date of signing the FY 2022 financial report; and
- given the Group's history of raising capital, the Directors are confident of the Group's ability to raise additional funds as and when they are required.

In addition, the audit report for FY 2022 contained key audit matters ('KAMs') with regards to the impairment assessment of intangible assets (consisting of goodwill and acquired rent rolls and trail books) due the significant position to the Group's financial position and presence of impairment indicators and judgement required in assessing the value in use of the cash generating unit. Also, with regards to borrowings and financial liabilities due to the significance of the balances and the complexities involved in assessing the terms of the various agreements, and with regards to the Group's revenue recognition due to its financial significance.

The audit report for FY 2021 contained KAMs with regards to the impairment assessment of intangible assets, borrowings and financial liabilities, and Group's revenue recognition for the same reasons as above.

The audit report for FY 2020 contained KAMs with regards to the impairment assessment of intangible assets and borrowings and financial liabilities for the same reasons as above.

5.4.1 Consolidated Statement of Profit or Loss and Other Comprehensive Income

Set out below is a summary of the Group's audited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2020, 30 June 2021 and 30 June 2022:

In \$'000s	Note	FY 2020 Audited	FY 2021 Audited	FY 2022 Audited
Revenue	a)	41,862	58,380	72,656
Other income	b)	994	1,292	611
Total revenue and other income		42,856	59,672	73,267
Advertising and promotion expenses		(1,242)	(1,640)	(2,282)
Computers and information technology expenses		(1,330)	(1,407)	(1,864)
Consultancy, legal and professional fees		(2,917)	(3,376)	(2,183)
Occupancy costs		(984)	(571)	(818)
Salaries and employment costs	c)	(31,070)	(44,182)	(57,552)
Other expenses		(2,649)	(2,128)	(2,881)
EBITDA		2,663	6,367	5,687
Gain financial assets at FVPL		-	-	123
Profit on sale of assets	d)	-	201	5
Share-based payments expense		-	(216)	(675)
Depreciation and amortisation		(6,039)	(5,466)	(5,440)
Impairment recovery/(expense)	e)	(5,230)	(400)	400
EBIT		(8,606)	486	100
Interest income		18	19	37
Interest and finance costs		(1,769)	(2,011)	(816)
Embedded derivative non-cash financing gains/(costs)	f)	-	(2,244)	1,140
Net loss from ordinary activities before income tax expense		(10,357)	(3,750)	461
Income tax benefit/(expense)		1,292	1,894	1,127
Net profit/(loss) from ordinary activities		(9,065)	(1,856)	1,588
Key Ratios				
Revenue and other income growth from prior year		47.7%	39.5%	24.5%
Salaries and employment costs as a % of revenue		-74.2%	-75.7%	-79.2%
EBITDA margin		6.2%	10.7%	7.8%
EBIT margin		-20.1%	0.8%	0.1%
Net loss before tax margin		-24.2%	-6.3%	0.6%
Net loss after tax margin		-21.2%	-3.1%	2.2%

Source: The Agency Group's 30 June 2020, 30 June 2021 and 30 June 2022 audited financial statements, and NPCF analysis

The table above should be read in conjunction with the following notes:

- a) As detailed in the table below, over the historical period from FY 2020 to FY 2022, revenue increased primarily due to higher residential sales commission as a result of higher gross commission income ('GCI', which are the fees the vendor pays for the sale of a property). GCI benefited from both a greater number of properties sold and higher gross sales volume.

Mortgage and settlement revenue benefited from higher mortgage approvals (increasing from 387 in FY 2020 to 464 in FY 2022) and deal settlements (increasing from 1,104 in FY 2020 to 1,803 in FY 2022).

Management fees from properties under management were predominantly impacted by the sale of the Agency Group's West Coast rent roll business, comprising of 1,173 properties under management, in September 2020, with the full year impact being in FY 2022. Over the three-year period, properties under management reduced from 4,838 to 3,469.

	FY 2020	FY 2021	FY 2022
Residential sales commissions (in \$'000s)	28,731	46,443	60,682
Mortgage and settlement revenue (in \$'000s)	3,849	4,422	5,115
Property management revenue (in \$'000s)	9,282	7,515	6,859
Revenue (in \$'000s)	41,862	58,380	72,656
Key metrics:			
Number of agents	276	308	393
Number of properties sold	3,147	4,964	5,709
Gross sales volume	\$2.9 billion	\$4.8 billion	\$5.9 billion
Gross commission income	\$47.9 million	\$80.7 million	\$102.5 million
Properties under management (as at 30 June)	4,838	3,517	3,469
Mortgage approvals	387	412	464
Settlement deals	1,104	1,538	1,803

Source: The Agency Group's 30 June 2021 and 30 June 2022 audited financial statements, and NPCF analysis

- b) Other income includes license fees and service fees in FY 2020, FY 2021 and FY 2022 as well as \$724,412 in FY 2021 from a COVID-19 related cash flow boost government grant.
- c) Salaries and employment costs mainly comprise agent and broker commissions, which represented 63%, 71% and 67% of total salaries and employment expenses in FY 2020, FY 2021 and FY 2022, respectively.

In FY 2020 and FY 2021, the Company received government grants from the Australian Government's JobKeeper Payment scheme, totalling \$1,080,000 and \$1,410,000, respectively.

A summary of the Company's salaries and employment costs as well as the deduction from the grants received are detailed in the table below.

In \$'000s	FY 2020	FY 2021	FY 2022
Commissions	19,558	31,656	39,118
Director fees	536	144	149
Salary and wages	8,476	7,899	11,340
Share-based payments expense	-	216	675
Superannuation	1,369	2,147	2,672
Other employment related costs	2,211	3,746	4,273
Government grants	(1,080)	(1,410)	-
Total salaries and employment expenses	31,070	44,398	58,227
<i>Commission expenses as a % of salaries and employment expenses</i>	<i>63%</i>	<i>71%</i>	<i>67%</i>

Source: The Agency Group's 30 June 2021 and 30 June 2022 audited financial statements, and NPCF analysis

- d) The \$201k profit on sale of assets in FY 2021 relates to the sale of The Agency Property Management WA Pty Ltd (the Agency Group's West Coast rent roll business) and a gain from the exit of a lease.
- e) In FY 2020, the Company recognised an impairment loss of \$5,304,380 against goodwill associated with the Top Level Real Estate acquisition. This loss was partially offset by a \$74,050 recovery on doubtful debts.
- f) The embedded derivative non-cash financing gains and costs in FY 2021 and FY 2022 mainly relates to fair value movements of the embedded derivative associated with the conversion feature of the convertible notes.

5.4.2 Consolidated Statement of Financial Position

Set out below are the Group's audited Consolidated Statement of Financial Position as at 30 June 2020, 30 June 2021 and 30 June 2022. Also shown is The Agency Group's unaudited non-IFRS pro forma balance sheet as at 30 June 2022 ('PF 30 Jun 22'), which illustrates the financial effect to the balance sheet had the following transactions been applied at 30 June 2022:

- the acquisition of Bushby & Co Pty Ltd;
- the amendment of the Macquarie Bank Facility; and
- the variation to the terms of the Convertible Notes.

In \$'000s	Note	30 Jun 20 Audited	30 Jun 21 Audited	30 Jun 22 Audited	PF 30 Jun 22 Unaudited
Current assets					
Cash and cash equivalents	a), e)	2,724	5,096	8,216	7,216
Trade and other receivables	b)	4,601	8,354	11,103	11,103
Financial assets		1,600	-	-	-
Other current assets		550	324	497	2,370
Total current assets		9,476	13,774	19,816	20,689
Non-current assets					
Trade and other receivables		270	163	145	145
Financial assets		170	613	836	836
Property, plant, and equipment		2,040	1,578	1,936	2,230
Right of use asset	c)	4,645	4,894	3,605	3,605
Intangible assets	d)	30,376	24,240	21,315	24,193
Total non-current assets		37,502	31,488	27,837	31,009
Total assets		46,977	45,262	47,653	51,698
Current liabilities					
Trade and other payables		9,773	11,194	14,918	15,515
Borrowings	e)	13,843	-	5,000	-
Financial liabilities	e)	-	-	4,021	-
Provisions		2,287	2,565	2,472	2,472
Leases	c)	1,980	1,828	1,836	1,836
Total current liabilities		27,883	15,587	28,247	19,823
Non-current liabilities					
Borrowings	e)	-	5,000	-	8,400
Financial liabilities	e)	-	4,883	-	4,021
Provisions		337	281	221	221
Leases	c)	3,895	4,017	2,555	2,603
Deferred tax liabilities		3,251	1,357	230	230
Total non-current liabilities		7,483	15,538	3,006	15,475
Total liabilities		35,366	31,125	31,253	35,298
Net assets		11,611	14,137	16,400	16,400
Equity					
Issued capital		39,396	43,635	43,635	43,635
Reserves		929	1,072	890	890
Accumulated losses		(28,713)	(30,570)	(28,125)	(28,125)
Total equity		11,611	14,137	16,400	16,400
Current assets less current liabilities	f)	(18,407)	(1,813)	(8,431)	866

Source: The Agency Group's 30 June 2020, 30 June 2021 and 30 June 2022 audited financial statements, and NPCF analysis

The table above should be read in conjunction with the following notes:

- a) The increase in cash and cash equivalents over the reported period was due higher cash from operations as well as the proceeds from the sale of the West Coast rent roll business during FY 2021.
- b) The majority of the Company's receivables are commissions due on property sales. The receivables balance has increased as a result of higher number of properties sold and gross commission income.
- c) The accounting standard AASB 16 Leases came into effect on 1 July 2019 and as a result, the Company's property and printing equipment lease liabilities and their associated right-of-use assets were capitalised and recognised on the balance sheet from 30 June 2020 onwards.
- d) The majority of the Company's intangible assets balance of \$21,315k at FY 2022 consists of goodwill from the acquisition of subsidiaries (net of impairment) of \$10,704k and the Company's rent roll and trail book value (net of accumulated amortisation) of \$10,113k. Historical movements reflect disposals and amortisation.
- e) The main adjustments reflected in the pro forma balance sheet as at 30 June 2022 include: (i) a lower cash balance and higher borrowings related to the funding of the Bushby & Co acquisition, (ii) higher intangibles due to the goodwill recognised and the rent rolls from the Bushby & Co acquisition and (iii) the extension of the Macquarie Bank Facility and the Convertible Notes (the latter being subject to shareholders' approval of Resolution 7 of the Notice of Meeting).
- f) As a result of the adjustments included in the pro forma balance sheet as at 30 June 2022, the Company had a working capital (current assets less current liabilities) surplus of \$866k versus a deficit of \$8,431k as reported at 30 June 2022.

5.4.3 Consolidated Statement of Cash Flows

Set out below are the Group's audited Consolidated Statement of Cash Flows for the years ended 30 June 2020, 30 June 2021 and 30 June 2022:

In \$'000s	FY 2020 Audited	FY 2021 Audited	FY 2022 Audited
Cash flows from operating activities			
Receipts from customers	42,529	71,571	78,861
Payments to suppliers and employees	(40,821)	(65,947)	(71,827)
Interest received	18	18	37
Finance costs	(1,392)	(999)	(471)
Net cash provided by operating activities	335	4,643	6,600
Cash flows from investing activities			
Purchase of property, plant, and equipment	(283)	(242)	(965)
Advancement of bank guarantee	(481)	-	(11)
Return of bank guarantee	346	-	-
Purchase of intangibles	(193)	-	(319)
Deferred purchase consideration paid	(15)	-	-
Loans to other entities	-	(225)	(715)
Net cash received on disposal of asset group	-	2,623	486
Net (cash used)/provided by investing activities	(626)	2,156	(1,524)
Cash flows from financing activities			
Proceeds from issue of shares	5,612	-	-
Proceeds from exercise of options	-	392	-
Share issue costs	(398)	(60)	-
Repayments of borrowings	(2,732)	(7,843)	-
Proceeds from borrowings	-	5,000	-
Payment of principal portion of lease liabilities	(2,065)	(1,916)	(1,956)
Net cash used in financing activities	418	(4,427)	(1,956)
Net increase in cash and cash equivalents held	127	2,372	3,120
Cash and cash equivalents at the beginning of the year	2,597	2,724	5,096
Cash and cash equivalents at the end of the year	2,724	5,096	8,216

Source: The Agency Group's 30 June 2020, 30 June 2021 and 30 June 2022 audited financial statements, and NPCF analysis

5.5 Capital Structure and Ownership

5.5.1 Capital structure

As at 16 September 2022, The Agency Group's issued capital comprised the following:

- 428,575,921 fully paid ordinary shares (see section 5.5.2);
- 30,000,000 unlisted options (see section 5.5.3); and
- 11,000,000 performance rights (see section 5.5.4).

5.5.2 Fully paid ordinary shares

As at 16 September 2022, The Agency Group issued capital comprised 428,575,921 fully paid ordinary shares. The top 10 shareholders hold 64.83% of the issued capital of The Agency Group as set out below:

Shareholder	Shareholding	% Shareholding
Peters Investments Pty Ltd	129,621,485	30.24%
Ben Collier Investments Pty Ltd <Ben Collier Investments P/L>	27,060,515	6.31%
MAK Property Group Pty Ltd <MAK A/C>	25,690,547	5.99%
Teldar Real Estate Pty Ltd <MJ Lahood Family A/C>	24,349,790	5.68%
SEMC 2 Pty Limited <The Chen Asset A/C>	17,475,530	4.08%
Hanzheng KSW Pty Ltd <Hanzheng KSW Unit A/C>	16,666,667	3.89%
Daring Investments Pty Ltd	13,770,150	3.21%
Mr Andrew Ernest Goodall	8,000,000	1.87%
Honan Insurance Group Pty Ltd	7,692,308	1.79%
Dawney & Co Ltd	7,500,000	1.75%
Top 10 Shareholders	277,826,992	64.83%
Other shareholders	150,748,929	35.17%
Total Shareholders	428,575,921	100.00%

Source: The Agency Group's share registry as at 16 September 2022

The table below summarises The Agency Group's current shareholders by size of shareholding as at 16 September 2022:

Range	Number of Holders	Number of Shares	% Total
1 – 1,000	224	37,198	0.01%
1,001 – 5,000	106	289,696	0.07%
5,001 – 10,000	104	808,927	0.19%
10,001 – 100,000	345	13,087,725	3.05%
100,001 and over	201	414,352,375	96.68%
Total	980	428,575,921	100.00%

Source: The Agency Group's share registry as at 16 September 2022

5.5.3 Unlisted options

As at 16 September 2022, The Agency Group's issued capital included 30,000,000 unlisted options as set out below. The Company granted the unlisted options to Geoff Lucas on the commencement of his employment.

Unlisted options issued	No of options	Exercise price	Expiry date	Vesting date
Tranche 1 Options	10,000,000	\$0.050	29/09/2022	28/11/2021
Tranche 2 Options	10,000,000	\$0.075	29/09/2023	29/09/2022
Tranche 3 Options	10,000,000	\$0.100	29/09/2024	29/09/2023
Total unlisted options outstanding	30,000,000			

Source: The Agency Group's options registry as at 16 September 2022

5.5.4 Performance rights

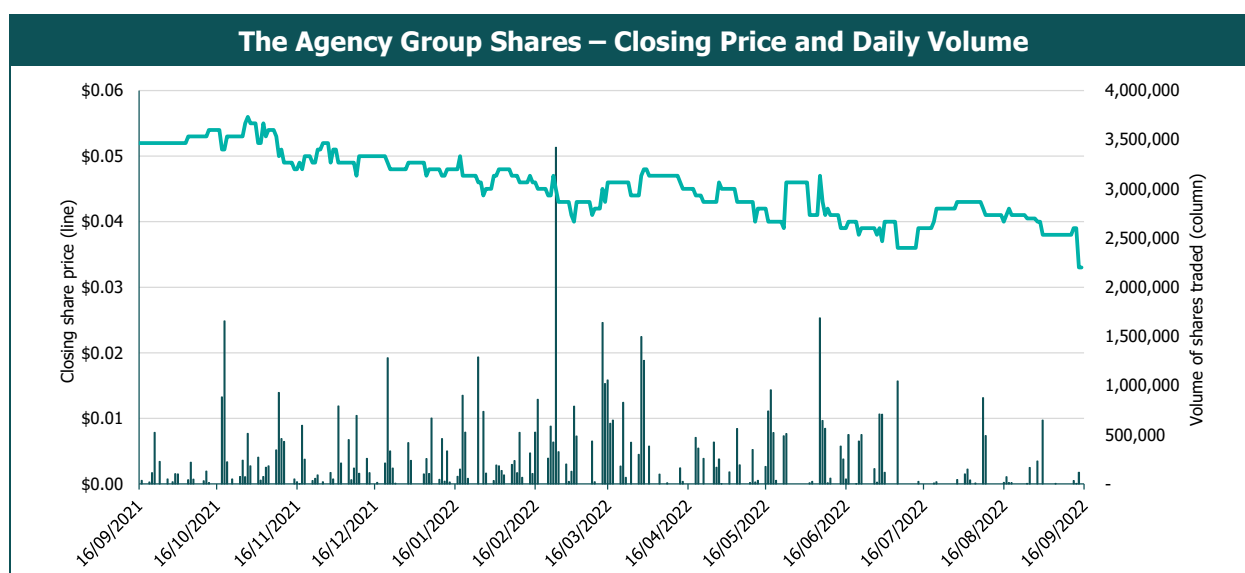
As at 16 September 2022, The Agency Group's issued capital included 11,000,000 performance rights as set out below. The performance rights were issued to Paul Niardone following shareholders' approval.

Performance rights issued	Number of perf rights	Milestone for vesting and converting into AU1 Shares on a one-for-one basis
Performance Rights Class A	8,000,000	On 24-months continuous service from the Company's 2021 annual general meeting.
Performance Rights Class B	3,000,000	Upon achievement of either: (i) recruitment by The Agency (WA) and the Company's Sell Lease Property model of 85 Agents by the financial year ending 30 June 2024; or (ii) achievement of gross commission income of \$50,000,000 for the financial year ending 30 June 2024 by The Agency (WA).
Total performance rights outstanding	11,000,000	

Source: The Agency Group's share registry as at 16 September 2022

5.6 Share Price and Volume Trading Analysis

The following chart provides a summary of the trading volumes and prices for AU1 Shares from 16 September 2021 to 15 September 2022:



Source: Yahoo! Finance and Nexia analysis

The chart above shows that over the 12 months to 15 September 2022, the closing price of an AU1 Share has traded within a range of \$0.033 and \$0.056, with a closing price of \$0.033 on 15 September 2022.

The Agency Group's Share price high and lows, volume weighted average prices ('VWAP') and volumes for the year to 15 September 2022 are summarised in the table below:

Period to 15 September 2022	Share Price Low	Share Price High	Cumulative Volume Traded	VWAP	Trading as a % of current issued capital
1 day	\$0.033	\$0.033	-	\$0.000	0.0%
7 days	\$0.033	\$0.039	153,871	\$0.034	0.0%
30 days	\$0.033	\$0.042	1,300,936	\$0.038	0.3%
60 days	\$0.033	\$0.043	3,049,912	\$0.040	0.7%
90 days	\$0.033	\$0.043	6,758,016	\$0.039	1.6%
180 days	\$0.033	\$0.048	22,813,705	\$0.042	5.3%
365 days	\$0.033	\$0.056	59,526,623	\$0.046	13.9%

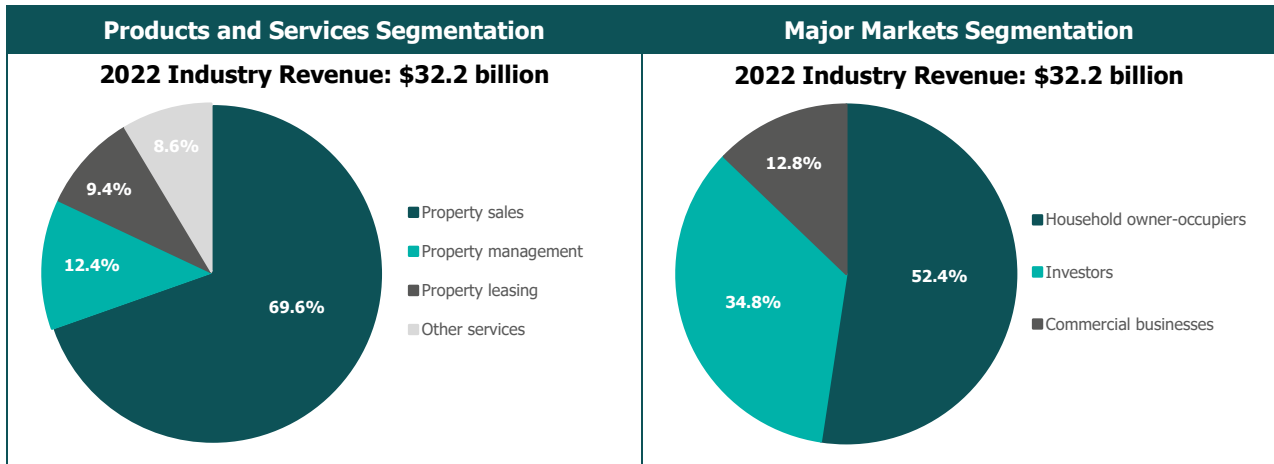
Source: ASX, Yahoo! Finance and NPCF analysis

6. INDUSTRY ANALYSIS

Our industry analysis is based on IBISWorld's Real Estate Services in Australia Industry Report dated March 2022.

6.1 Introduction

The real estate services industry includes operators that primarily appraise, purchase, sell (by auction or private treaty), manage or rent residential property, commercial property, or a combination of the two. IBISWorld segments industry revenue by products and services, and major end markets as follows:



Source: IBISWorld Report

There are a number of drivers of the Australian real estate services market including:

- Number of housing transfers - industry revenue is typically tied to commissions on sales, and greater numbers of housing transfers indicate a heightened number of transactions that firms can generate revenue brokering. Housing transfer activity rebounded following the onset of the COVID-19 pandemic, and low interest rates and the release of pent-up consumer demand supported first home acquisitions.
- Mortgage affordability - mortgage affordability influences people's ability to purchase properties, affecting the volume of residential sales and rental transactions. Declines in mortgage affordability threaten industry operations by reducing the number of customers that require real estate services.
- Residential housing loan rates - real estate agents typically benefit from stronger revenue growth during periods of low interest rates. As most houses are generally purchased through credit, houses become less expensive when housing loan rates decrease. A decline in housing loan rates tends to strengthen demand for property and enhance the viability of property development.
- Consumer sentiment index - consumer sentiment indicates how consumers feel about their present and future financial situation, and the broader economy. Negative consumer sentiment means consumers are more pessimistic regarding their future financial stability and therefore less likely to purchase property, which typically subdues growth in house prices, residential housing purchases and industry revenue.
- Residential housing prices - Commissions are often charged as a proportion of a property's sale value. Higher house prices therefore lead to higher commissions for industry operators. Consequently, rising house prices support industry revenue growth.

6.2 Current performance

According to IBISWorld, industry revenue is expected to increase at an annualised 1.5% over the five years through 2021-22, to \$32.2 billion. Over this period, the real estate services industry has generally benefited from the strength of the residential property market.

The number of housing transfers in Australia has risen over the past five years, indicating that there have been more property transactions for industry firms to broker. Residential housing prices have risen over the same period, supported by record low interest rates, government assistance programs and the prevalence of property investment. As industry revenue can be generated on commission of property sales, heightened property prices have increased the commissions that operators receive, supporting industry growth.

Australia's wider transition from a manufacturing-based to a service-based economy has supported demand for commercial properties over the past five years. Most service-based businesses rent or lease the premises they operate on. Commercial businesses and investors use real estate services to both acquire and manage commercial buildings, and constitute significant markets for the industry. Increases in both business confidence and consumer sentiment over the past five years have generally supported demand for commercial properties.

However, the outbreak of COVID-19 and its associated economic effects have limited demand for commercial properties over the past five years. Government-mandated lockdowns have reduced foot traffic for traditional brick-and-mortar location retailers. Working-from-home measures implemented to slow the spread of COVID-19 have also reduced demand for office spaces. Some businesses have optimised their cost structures by removing or reducing rent costs. Also, tightening of restrictions on foreign investment have stymied demand for commercial property over the past five years.

According to IBISWorld, industry profit margins have reduced over the past five years. Heightened residential housing prices supported industry profit margins. However, subdued residential property yields, as a result of eviction moratoriums related to COVID-19, and negative gearing practices, have placed downward pressure on profit margins from property leasing and management. Furthermore, significant external competition from property websites has forced many players to lower their profit margins to compete against strong price-based competition. Volatility caused by the COVID-19 pandemic has also created profit-margin pressure for some operators.

6.3 Outlook

IBISWorld anticipates that industry revenue will continue to grow over the next five years. Steady rises in residential housing prices and the number of housing transfers are likely to support the industry over the period. Furthermore, a recovery in demand for commercial and industrial properties is projected to benefit industry participants. However, anticipated incremental increases to the cash rate over the period are likely to subdue activity in the wider property market.

6.4 Recent developments

Commenting on the recent debt crisis construction companies are facing, IBISWorld noted, in a brief market update in August 2022, that a downturn in construction activity has threatened the ability of construction firms to continue operating solvently. Rising crude oil and electricity prices have negatively affected both construction inputs and required energy supplies. Firms that have struggled with the rising expenses have collapsed, with flow-on effects hindering many related upstream and downstream industries, such as construction suppliers and real estate agents.

7. VALUATION METHODOLOGIES

7.1 Definition of market value

In forming our opinion as to whether or not the Proposed Transaction is fair to non-associated shareholders, we have compared the value of the financial benefit to be provided by The Agency Group to Peters Investments (in this case, the cash or asset proceeds due to Peters Investments under the Security Deed in the event of an enforcement of its security) to the value of the consideration being received by The Agency Group from Peters Investments (in this case, the outstanding balance of the Convertible Notes, being the aggregate of principal and unpaid interest, owed to Peters Investments at the time of the enforcement).

RG 111 defines fair value as the amount: *'assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length...'*

7.2 Selection of Methodology

RG 111 provides guidance on the valuation methods that an independent expert should consider. These methods include:

- the discounted cash flow method and the estimated realisable value of any surplus assets;
- the application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets;
- the amount that would be available for distribution to security holders on an orderly realisation of assets;
- the quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale;
- any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets; and
- the amount that an alternative bidder might be willing to offer if all the securities in the target were available for purchase.

The above are covered in more detail in Appendix D to this Report. Each methodology is appropriate in certain circumstances. The decision as to which methodology to apply generally depends on the nature of the asset being valued, the methodology most commonly applied in valuing such an asset and the availability of appropriate information. It is possible for a combination of different methodologies to be used together to determine an overall value.

7.3 Valuation Methodology Applied

The methodologies above are not relevant for our assessment of fairness as the cash and asset proceeds due to Peters Investments under the Security Deed, in the event Peters Investments enforced its security, are predicated on an event of default occurring, the outcome of which cannot be reasonably estimated. Therefore, our fairness assessment is based on a qualitative approach.

8. ASSESSMENT OF FAIRNESS OF THE PROPOSED TRANSACTION

In determining whether or not the Proposed Transaction is fair to non-associated shareholders, we have compared the value of the cash or asset proceeds due to Peters Investments under the Security Deed in the event of an enforcement of its security (Enforcement Proceeds) to the outstanding balance of the Convertible Notes, being the aggregate of principal and unpaid interest, owed to Peters Investments at the time of the enforcement (Outstanding Convertible Notes).

8.1 Enforcement Proceeds

The Security Deed covers The Agency Group's obligations in relation to the Convertible Notes to be secured by a charge over all of the assets of the Company subordinate to Macquarie Bank's security over all of the assets of the Company.

In this section, we provide a simplified summary of the security interests of Peters Investments under the Security Deed (subordinated to the security interests of Macquarie Bank) only for the purpose of assessing the fairness of the Proposed Transaction. Our comments do not constitute any legal advice to shareholders of The Agency Group nor to any other party reading this Report. Our comments also do not constitute legal advice on the interpretation and enforcement of the Security Deed. Shareholders who require legal advice on these matters should consult their own legal advisers or seek independent professional advice.

Based on our understanding, the charge over all the assets of the Company under the terms of the Security Deed is akin to a fixed and floating charge that will be crystallised and operate as a fixed charged ('Crystallisation') when one of a number of possible events, specifically addressed in the Security Deed that may trigger a Crystallisation, arises. This includes an event of default that has not been waived or remedied and hence an expectation of enforcement.

If there is no event of default, the Company's assets such as inventory, currency of any country (cash), any item of machinery, plant, or equipment having a value of less than A\$1,000 or equivalent, or all proceeds in the form of money or other consideration of any trade debt which are received before the crystallisation are considered to be 'circulating assets'. This enables the Company to operate its ordinary course of business.

While an event of default subsists, Peters Investments will be able to exercise its powers on enforcement in accordance with the Security Deed that gives Peters Investments the right to deal with the Company's assets in a way that would optimise Peters Investments' outcome of recovering its outstanding financial accommodation under the Convertible Note Agreement. However, this right is subject to the intercreditor deed for monies due under the Macquarie Bank Facility and the payment of any priority claims, such as security interests mandatorily preferred by law and any permitted security that ranks in priority to the Macquarie Bank Facility. We understand that its rights are not limited to selling the Company and/or liquidating the physical assets of the Company.

Ultimately, the value of cash and asset proceeds that would be received by Peters Investments in an enforcement situation under the Security Deed, is dependent on the value of cash and assets at the time of Crystallisation, after deducting any priority claims and monies due under the Macquarie Bank Facility, which make up the value of the Enforcement Proceeds. The Enforcement Proceeds is limited to the outstanding financial accommodation under the Convertible Note Agreement, including the recovery of the value of the Outstanding Convertible Notes.

Any surplus after applying all the monies realised from the enforcement of security belongs to the Company.

8.2 Outstanding Convertible Notes

We have limited our fairness assessment to the value of the Outstanding Convertible Notes (that is, principal and accrued unpaid interest) and assumed any other outstanding financial accommodation in addition to the Outstanding Convertible Notes (if any) is not expected to be material since this information is unknown at this point in time.

The Convertible Notes were put in place in May 2020, initially totalling \$1,000,000, then increasing to \$6,000,000 as part of a funding package announced in October 2020. Interest rate on the Convertible Notes is pegged at the higher of 8% per annum and the interest rate of the Macquarie Bank Facility. The intention of the Deed of Variation is to extend the maturity date from 31 March 2023 to 22 January 2026, subject to shareholders' approval of Resolution 7 of the Notice of Meeting.

On 28 January 2021, Peters Investments converted \$3,121,780 of Convertible Notes (principal and accrued unpaid interest) into 115,621,485 Shares, resulting in the outstanding amount (including all accrued but unpaid interest) of the Convertible Notes, as at 31 August 2022, reducing to \$3,679,576. Assuming no further conversion, and the Convertible Notes accruing interest at a rate of 8% per annum and interest unpaid until maturity, it is estimated that the Convertible Notes will have any outstanding balance of \$4,824,365 at maturity.

If an event of default occurs anytime before maturity, the Convertible Notes will have an outstanding balance of between \$3,679,576 and \$4,824,365.

8.3 Fairness assessment

To determine whether or not the Proposed Transaction is fair to the non-associated shareholders of The Agency Group, we have considered the three possible outcomes of an enforcement process should The Agency Group default on the Convertible Notes. These include the Enforcement Proceeds being greater than, equal to or less than the Outstanding Convertible Notes, as classified under the following scenarios:

- **Scenario 1** is when the value of the Enforcement Proceeds is **greater than** the value of the Outstanding Convertible Notes but the creditor is not able to receive more than the amount that is owed;
- **Scenario 2** is when the value of the Enforcement Proceeds is **equal to** the value of the Outstanding Convertible Notes and the creditor is only able to receive the amount that is owed; and
- **Scenario 3** is when the value of the Enforcement Proceeds is **less than** the value of the Outstanding Convertible Notes and the creditor is only able to receive the amount that is available to it to settle the amount that is owed.

We then consider the implication on the value of the actual Enforcement Proceeds due to Peters Investments relative to the value of the Outstanding Convertible Notes under each outcome. The enforcement outcomes and their implications are summarised below:

- **Implication under Scenario 1** where the value of the Enforcement Proceeds is **greater than** the value of the Outstanding Convertible Notes: the actual Enforcement Proceeds Peters Investments is entitled to recover would be **equal to** the value of the Outstanding Convertible Notes (principal and unpaid accrued interest).
- **Implication under Scenario 2** where the value of the Enforcement Proceeds is **equal to** the value of the Outstanding Convertible Notes: the actual Enforcement Proceeds Peters Investments is entitled to recover would be **equal to** the value of the Outstanding Convertible Notes (principal and unpaid accrued interest).
- **Implication under Scenario 3** where the value of the Enforcement Proceeds is **less than** the value of the Outstanding Convertible Notes: the actual Enforcement Proceeds Peters Investments is entitled to recover would be **less than** the value of the Outstanding Convertible Notes (principal and unpaid accrued interest).

These scenarios are summarised in the table below.

Scenario 1	Scenario 2	Scenario 3
Enforcement Proceeds equals to Outstanding Convertible Notes	Enforcement Proceeds equals to Outstanding Convertible Notes	Enforcement Proceeds less than Outstanding Convertible Notes

Source: NPCF analysis

The outcomes of each of the enforcement scenarios above are that the value of the Enforcement Proceeds is either equal to or less than the value of the Outstanding Convertible Notes. This means that under all circumstances, the cash and asset proceeds due to Peters Investments under the Security Deed, in the event

of an enforcement of its security, are either equal to or less than the outstanding balance of the Convertible Notes, being the aggregate of principal and unpaid interest, owed to Peters Investments at the time of the enforcement.

Since the financial benefit to be provided by The Agency Group to Peters Investments is equal to or less than the value of the consideration being received by The Agency Group from Peters Investments, we have concluded that the Proposed Transaction is fair to the non-associated shareholders.

9. ASSESSMENT OF REASONABLENESS OF THE PROPOSED TRANSACTION

9.1 Approach to assessing Reasonableness

In accordance with RG 111, a related party transaction or a transaction with a person in a position of influence is reasonable if it is fair. As set out above, the Proposed Transaction is fair. Therefore, we conclude that the Proposed Transaction is reasonable.

We have also considered the advantages and disadvantages of the Proposed Transaction, as well as the consequences of Shareholders not approving the Proposed Transaction.

9.2 Advantages of the Proposed Transaction

We outline below potential advantages of the Proposed Transaction:

- The extension of the \$8.4 million Macquarie Bank Facility was contingent on the maturity of the Convertible Notes being extended to six months after the maturity of the Macquarie Bank Facility. If the Proposed Transaction is not approved, the Company cannot proceed with the Security Deed with Peters Investments, which would trigger a default under the Convertible Note Agreement. Whilst Peters Investments has the conversion option, it may instead elect to exercise alternative remedies under the default which may have consequences on the Macquarie Bank Facility. Depending on the subsequent course of action that Macquarie Bank takes, and whilst not a definitive consequence, there is a possibility that these events may result in the need to refinance the Macquarie Bank Facility.

As detailed in section 5.4, The Agency Group's auditors highlighted that as at 30 June 2022 the Company had a working capital deficit of \$8.43 million. Therefore, the approval of the Proposed Transaction and the extension of the Macquarie Bank Facility and Convertible Notes removes the potential near-term or 2023 refinancing risk, as illustrated in the unaudited non-IFRS pro forma balance sheet as at 30 June 2022 shown in section 5.4.2.

- The Security Deed has been in place since 2020 and the Proposed Transaction does not change Peters Investments' security rights. The requirement for shareholders' approval is due to Peters Investments now being substantial holder in the Company under Listing Rule 10.1, an outcome which was already contemplated when shareholders approved the \$5,000,000 convertible notes in January 2021. Therefore, by approving the Proposed Transaction, the non-associated shareholders are not necessarily making any more concessions (or giving up more security), but instead, achieving an extension of the Macquarie Bank Facility and Convertible Notes.
- Peters Investments, now being a substantial holder of The Agency Group, will have a vested interest in ensuring that the Company is able to meet all its debt obligations to avoid an enforcement of security that could potentially destroy value in the Company.
- The terms of Security Deed are materially consistent with normal commercial terms for convertible notes. Therefore, it is likely that any alternative sources of funding, if required as a replacement for Peters Investments' Convertible Notes, would also require security over the Company's assets (subordinate to Macquarie Bank Facility).

9.3 Disadvantages of the Proposed Transaction

We outline below the potential disadvantages of the Proposed Transaction:

- The provision of a subordinated security for the Convertible Notes may increase the financial risk of the Company and reduce the surplus left for shareholders compared to an unsecured facility. However, we note that this was in place since the inception of the initial Convertible Notes in 2020, and therefore, the non-associated shareholders are not necessarily making any more concessions (or giving up more security), but instead, achieving an extension of the Macquarie Bank Facility and Convertible Notes.
- The security arrangement in place could make it more challenging for the Company to raise further capital in the future. However, we note that this was in place since the inception of the initial Convertible Notes in 2020, and therefore, the non-associated shareholders are not necessarily making any more concessions (or giving up more security), but instead, achieving an extension of the Macquarie Bank Facility and Convertible Notes.

9.4 Consequences of not approving the Proposed Transaction

We note that, if the approval sought under Resolution 7 of the Notice of Meeting, relating to the Proposed Transaction, is not obtained, the Company cannot proceed with the Security Deed with Peters Investments, which would trigger a default under the Convertible Note Agreement. Whilst Peters Investments has the conversion option, it may instead elect to exercise alternative remedies under the default which may have consequences on the Macquarie Bank Facility. Depending on the subsequent course of action that Macquarie Bank takes, and whilst not a definitive consequence, there is a possibility that these events may result in the need to refinance the Macquarie Bank Facility.

It is likely that any alternative sources of funding, if required to refinance the Convertible Notes, would also require security over the Company's assets, subordinate to the Macquarie Bank Facility.

As the Proposed Transaction is fair, and taking into account other significant factors, we have concluded that the Proposed Transaction is reasonable.

10. OPINION

In our opinion, the Proposed Transaction is fair and reasonable to the non-associated shareholders.

The ultimate decision on whether to approve the Proposed Transaction should be based on shareholders' own assessment of their circumstances. We strongly recommend that shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the Notice of Annual General Meeting, and consider their own specific circumstances before voting in favour of or against the Proposed Transaction.

APPENDIX A – GLOSSARY

Term	Definition
AFCA	Australian Financial Complaints Authority
AFSL	Australian Financial Services Licence
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
Amendment Deed	The amendment Deed in respect of The Agency Group's primary secured debt facility with Macquarie Bank Limited
ASIC	Australia Securities and Investment Commission
ASX	Australian Securities Exchange
ASX Listing Rule 10.1	ASX Listing Rule 10.1 of Chapter 10 'Transactions with persons in a position of influence'
Ausnet	Ausnet Financial Services Ltd the previous name of The Agency Group
Bushby & Co	Bushby & Co. Pty Ltd
Client or Company	The Agency Group Australia Limited (ACN: 118 913 232)
Convertible Notes	Refers to the convertible notes to be issued by the Company to Peters Investments under the Convertible Note Agreement and as amended by the Deed of Variation
Convertible Note Agreement	Convertible note agreement dated 23 October 2020 between The Agency Group Australia Ltd and Peters Investments Pty Ltd
Corporations Act	Corporations Act 2001 (Cth)
Deed of Variation	A deed of variation relating to the Convertible Note Agreement dated 22 July 2022
Deed of Variation to General Security Deed	A deed of variation relating to the General Security Deed dated on or around 2 November 2020
Enforcement Proceeds	The cash and asset proceeds due to Peters Investments under the Security Deed in the event Peters Investments enforced its security
FSG	Financial Services Guide
FY 2020	the financial year ended or as at 30 June 2020
FY 2021	the financial year ended or as at 30 June 2021
FY 2022	the financial year ended or as at 30 June 2022
CGI	Gross commission income, which are the fees the vendor pays for the sale of a property
Group	The Agency Group and its subsidiaries
[\$] k	Thousands of dollars
KAMs	Key audit matters
Macquarie Bank	Macquarie Bank Limited
non-associated shareholders	Shareholders of The Agency Group who are not associated with Peters Investments
Notice of Meeting, or Document	The Notice of Annual General Meeting & Explanatory Statement sent to shareholders on or about the date of this Report in which this Report is included
Nexia entities	NPCF, the Nexia Perth Group and related entities
Nexia Perth Group	Nexia Perth Pty Ltd group entities
NPCF	Nexia Perth Corporate Finance Pty Ltd (AFSL 289358)
Outstanding Convertible Notes	The Convertible Notes principal and accrued interest owed to Peters Investments
Peters Investments	Peters Investments Pty Ltd
PF 30 Jun 22	The Agency Group's unaudited non-IFRS pro forma balance sheet as at 30 June 2022

Term	Definition
Proposed Transaction	Proceeding with the Security Deed by The Agency Group and Peters Investments and the granting of security to Peters Investments
Report	Independent Expert's Report
RG 76	ASIC Regulatory Guide 76: Related party transactions
RG 111	ASIC Regulatory Guide 111: Content of expert reports
RG 112	ASIC Regulatory Guide 112: Independence of experts
Security Deed	General Security Deed dated 22 May 2020 between The Agency Group Australia Ltd and Peters Investments Pty Ltd as amended by the Deed of Variation to General Security Deed
Share(s) or AU1 Share(s)	Fully paid ordinary share(s) in The Agency Group
The Agency Group	The Agency Group Australia Limited (ACN: 118 913 232)
VWAP	Volume weighted average price of shares

APPENDIX B - SOURCES OF INFORMATION

This Report has been based on the following information:

- Australia Securities and Investment Commission's database;
- Audited financial statements of The Agency Group Limited for the years ended 30 June 2020, 30 June 2021 and 30 June 2022;
- The Agency Group Limited's shareholder register, options register, performance rights register and shareholder range report;
- Draft Notice of Annual General Meeting and Explanatory Memorandum prepared by The Agency Group Limited;
- Convertible Note Agreement dated 23 October 2020 between The Agency Group Australia Ltd and Peters Investments Pty Ltd;
- Deed of Variation to Convertible Note Agreement dated 22 July 2022 between The Agency Group Australia Ltd and Peters Investments Pty Ltd;
- Intercreditor Deed dated 15 May 2020 between Top Level Real Estate Pty Ltd, Macquarie Bank Limited and Peters Investments Pty Ltd;
- General Security Deed dated 22 May 2020 between The Agency Group Australia Ltd and Peters Investments Pty Ltd;
- Deed of Variation to General Security Deed dated on or around 2 November 2020 between The Agency Group Australia Ltd and Peters Investments Pty Ltd;
- IBIS World Report L6720 titled Real Estate Services in Australia dated March 2022;
- Publicly available information; and
- Discussions with directors and/or management of The Agency Group Limited.

APPENDIX C - STATEMENT OF DECLARATION & QUALIFICATIONS

Confirmation of Independence

Prior to accepting this engagement Nexia Perth Corporate Finance Pty Ltd ('NPCF') determined its independence with respect to The Agency Group Australia Limited ('The Agency Group') with reference to ASIC Regulatory Guide 112: Independence of expert's Reports ('RG 112'). NPCF considers that it meets the requirements of RG 112 and that it is independent of The Agency Group.

Also, in accordance with s648(2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with The Agency Group, their related parties or associates that would compromise our impartiality.

Evelyn Tan and Muranda Janse Van Nieuwenhuizen, both Directors and Representatives of NPCF, have prepared this Report. Neither they nor any related entities of NPCF have any interest in the promotion of the Proposed Transaction nor will NPCF receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this Report. Our fee is not contingent upon the success or failure of the Proposed Transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, NPCF does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

NPCF provided a draft copy of this Report to the Directors and management of The Agency Group for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of NPCF alone. Changes made to this Report, as a result of the review by the Directors and management of The Agency Group, have not changed the methodology or conclusions reached by NPCF.

Qualifications

NPCF carries on business at Level 3, 88 William Street, Perth WA 6000. NPCF holds Australian Financial Services Licence No 289358 authorising it to provide financial product advice on securities to retail clients. NPCF's directors and representatives are therefore qualified to provide this Report.

The persons specifically involved in preparing and reviewing this Report were Evelyn Tan and Muranda Janse Van Nieuwenhuizen, both of whom are Directors of NPCF. Evelyn Tan is a CFA® Charterholder, a member of the CFA Institute and a member of the CFA Society Perth. She is also an affiliate member of Chartered Accountants Australia and New Zealand. Evelyn holds a Master of Applied Finance from the University of Melbourne and has over 20 years of combined professional experience in the fields of corporate finance and banking in Australia and Singapore. Muranda Janse Van Nieuwenhuizen is a member of Chartered Accountants Australia and New Zealand as well as the South African Institute of Chartered Accountants. She is also a Registered Company Auditor.

Consent and Disclaimers

The preparation of this Report has been undertaken at the request of the Directors of The Agency Group. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the Report should be used for any other purpose than to accompany the Notice of Annual General Meeting to be sent to The Agency Group shareholders. In particular, it is not intended that this Report should be used for any purpose other than as an expression of NPCF's opinion as to whether or not the Proposed Transaction is fair and reasonable to The Agency Group shareholders.

NPCF consent to the issue of this Report in the form and context in which it is included in the Notice of Annual General Meeting to be sent to The Agency Group shareholders.

Shareholders should read all documents issued by The Agency Group that consider the Proposed Transaction in their entirety, prior to proceeding with a decision. NPCF had no involvement in the preparation of these documents, with the exception of our Report.

This Report has been prepared specifically for the non-associated shareholders of The Agency Group. Neither NPCF, nor any member or employee thereof undertakes responsibility to any person, other than a shareholder of The Agency Group, in respect of this Report, including any errors or omissions howsoever caused. This Report is 'General Advice' and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

APES 225

Our Report has been prepared in accordance with APES 225 Valuation Services.

APPENDIX D - VALUATION METHODOLOGIES

In preparing this Report we have considered valuation methods commonly used in practice and those recommended by RG 111. These methods include:

- the discounted cash flow method;
- the capitalisation of earnings method;
- asset based methods; and
- analysis of share market trading.

Discounted Cash Flow Method

Description

Of the various methods noted above, the discounted cash flow method has the strongest theoretical standing. It is also widely used in practice by corporate acquirers and company analysts. The discounted cash flow method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A discounted cash flow valuation requires:

- a forecast of expected future cash flows;
- an appropriate discount rate; and
- an estimate of terminal value.

It is necessary to project cash flows over a suitable period of time (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue growth, future margins, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current day terms using the discount rate selected.

A terminal value reflects the value of cash flows that will arise beyond the explicit forecast period. This is commonly estimated using either a constant growth assumption or a multiple of earnings (as described under capitalisation of future maintainable earnings below). This terminal value is then discounted to current day terms and added to the net present value of the forecast cash flows.

The discounted cash flow method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All of these assumptions can be highly subjective sometimes leading to a valuation conclusion presented as a range that is too wide to be useful.

Use of the Discounted Cash Flow Method

A discounted cash flow approach is usually preferred when valuing:

- early stage companies or projects;
- limited life assets such as a mine or toll concession;
- companies where significant growth is expected in future cash flows; or
- projects with volatile earnings.

It may also be preferred if other methods are not suitable, for example if there is a lack of reliable evidence to support a capitalisation of earnings approach. However, it may not be appropriate if reliable forecasts of cash flow are not available and cannot be determined.

Capitalisation of Earnings Method

Description

The capitalisation of earnings method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a discounted cash flow, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The capitalisation of earnings methodology involves the determination of:

- a level of future maintainable earnings; and
- an appropriate capitalisation rate or multiple.

A multiple can be applied to any of the following measures of earnings:

- Revenue – most commonly used for companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.
- EBITDA - most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.
- EBIT - in most cases EBIT will be more reliable than EBITDA as it takes account of the capital intensity of the business.
- NPAT - relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g. financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT value the whole businesses, or its enterprise value irrespective of the gearing structure. NPAT (or P/E) values the equity of a business.

The multiple selected to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money all wrapped up in a single number. Multiples can be derived from three main sources.

Using the guideline public company method, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market, such as the ASX or the NSX. The merger and acquisition method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business. In Australia this has been called the comparable transaction methodology.

Use of the Capitalisation of Earnings Method

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. This method is less appropriate for valuing companies or assets if:

- there are no suitable listed company or transaction benchmarks for comparison;
- the asset has a limited life;
- future earnings or cash flows are expected to be volatile; or
- there are negative earnings or the earnings of a business are insufficient to justify a value exceeding the value of the underlying net assets.

Asset Based Methods

Description

Asset based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset based methods including:

- orderly realisation;
- liquidation value;
- net assets on a going concern basis;
- replacement cost; and
- reproduction cost.

The orderly realisation of assets method estimates Fair Market Value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame.

Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimate the market values of the net assets of a company but do not take account of realisation costs.

The asset / cost approach is generally used when the value of the business's assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than an economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset approach would be the most appropriate method.

Use of Asset Based Methods

An asset-based approach is a suitable valuation method when:

- an enterprise is loss making and is not expected to become profitable in the foreseeable future;
- assets are employed profitably but earn less than the cost of capital;
- a significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments); or
- it is relatively easy to enter the industry (for example, small machine shops and retail establishments).

Asset based methods are not appropriate if:

- the ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets; or
- a business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets.

Analysis of Share Trading

The most recent share trading history provides evidence of the Fair Market Value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

LODGE YOUR PROXY APPOINTMENT ONLINE



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.

Important Note: The Company has determined that Shareholders will be able to attend and participate in the meeting through an online platform provided by Advanced Share Registry.

ANNUAL GENERAL MEETING PROXY FORM

I/We being shareholder(s) of The Agency Group Australia Ltd and entitled to attend and vote hereby:

APPOINT A PROXY

The Chair of the Meeting

OR



PLEASE NOTE: If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of the Company to be held at **68 Milligan Street, Perth, Western Australia 6000 and virtually on 18 November 2022 at 8.30am AWST** and at any adjournment or postponement of that Meeting.

Chair's voting intentions in relation to undirected proxies: The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intentions on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 5 & 7 (except where I/we have indicated a different voting intention below) even though these resolutions are connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chair.

VOTING DIRECTIONS

Resolutions

	For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director – Geoffrey Lucas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-Election of Director – Adam Davey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of 7.1A Mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Adoption of Performance Rights and Options Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval of Security Deed with Peters Investments Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Provision of financial assistance to Bushby & Co Pty. Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address



Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

THE AGENCY GROUP AUSTRALIA LTD - ANNUAL GENERAL MEETING

The Company has determined that Shareholders will be able to attend and participate in the Meeting through an online platform provided by Advanced Share Registry. To facilitate such participation, voting on each Resolution will occur by a poll rather than a show of hands.

A live webcast and electronic voting via www.advancedshare.com.au/virtual-meeting will be offered to allow Shareholders to attend the Meeting and vote online.

Please refer to the Meeting ID and Shareholder ID on the proxy form to login to the website.

Shareholders may submit questions ahead of the Meeting via the portal.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chair) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Resolutions 1, 5 & 7, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolutions 1, 5 & 7.

PLEASE NOTE: If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as they see fit on that resolution.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in compliance with Listing Rule 14.11.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 8.30am AWST on 16 November 2022, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 6370 4203



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033