

September 2019

The Agency Group Australia Ltd

ASX:AU1



Contents

Executive summary	3
Company overview and business model	4
Key assets	9
Financials and operational metrics – LTM	10
Key management	11



280
agents

\$2.4bn
exchanged ⁽¹⁾

4,397
pum ⁽²⁾

The Agency Group Australia Ltd (**The Agency Group** or the **Company**) (ASX:AU1) is one of Australia's fastest growing integrated real estate services companies

- In over 2 years since listing on the ASX, the Company has established a national presence across key metropolitan markets in Australia led by an industry-leading management team
- The Agency Group today has built a fully serviced real estate firm creating an organisation designed to scale
- The Company dual property sales business model, offering both premium (full-service) and independent brand offering underpins its strategy to reach leadership across Australia in terms of agent market share
- Integrated services, from property sales, property management and ancillary services provides the Company with cross-sell opportunities, capturing revenue across the value chain
- The traditional landscape of the real estate agency offering in the current economic environment provides great opportunities for The Agency Group to bring further consolidation to the industry

\$38.5m
LTM revenue

\$39.8m
LTM GCI ⁽³⁾

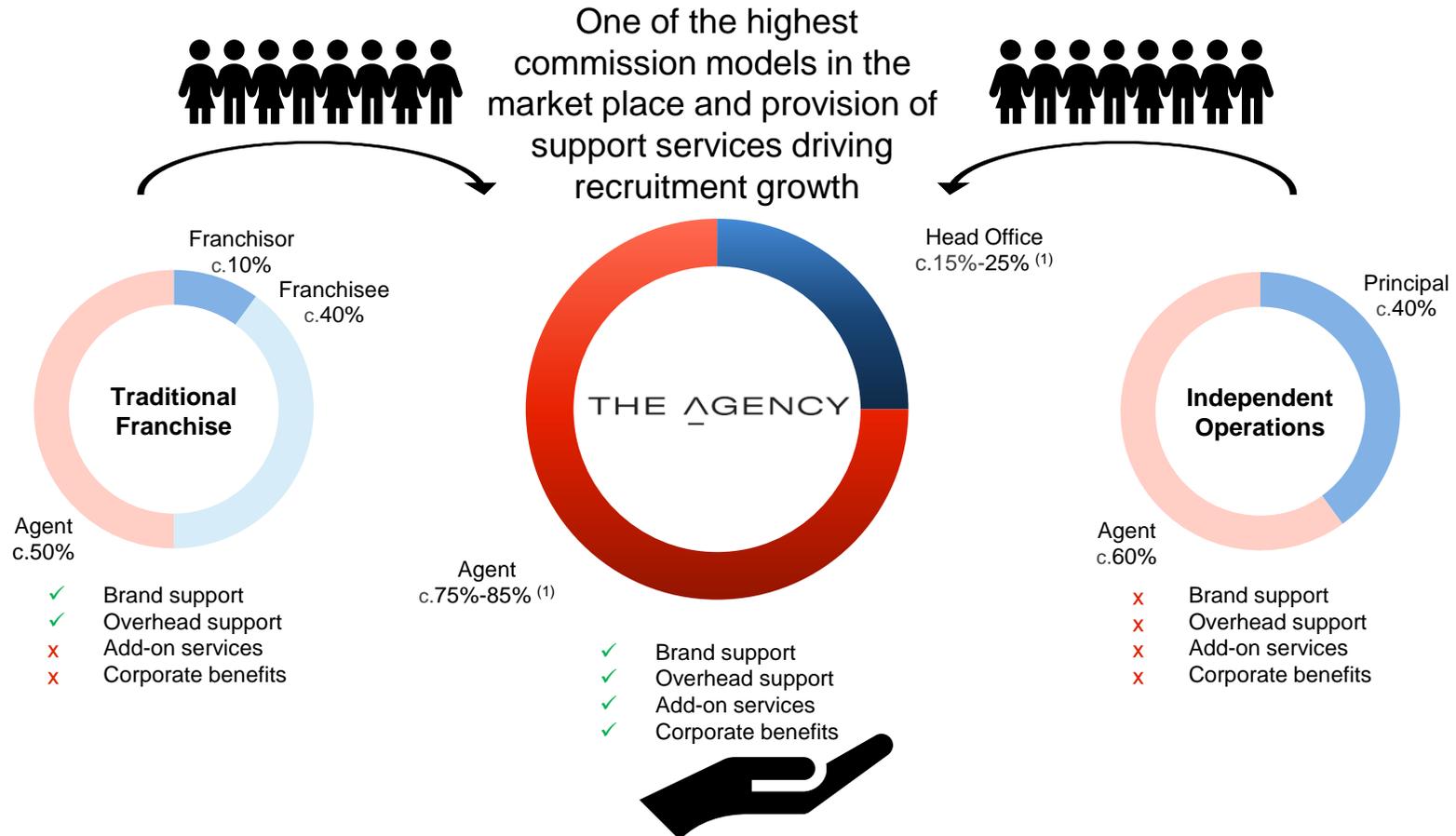
\$23.5m
rent roll ⁽⁴⁾

\$4.6m
mortgage book ⁽⁵⁾

Notes: (1) Value of properties exchanged in the LTM to September 2019. (2) Properties Under Management ("PUM") (3) Gross Commission Income ("GCI") (4) Calculated on a blended valuation multiple of 3.5x on annualised management fee calculated from September 2019 monthly management fee. (6) Calculated on a valuation multiple of 2.4x on annualised trail income calculated from September 2019 monthly trail income.

Unique business model

The Agency has a unique, scalable business model, disrupting the real estate services industry by returning value, previously given to franchisees and offices, to agents and shareholders. The Agency's offering in the market continues to expand its agent network by recruiting the industry's top talents and establishing market leadership based on property transaction volumes across Australia

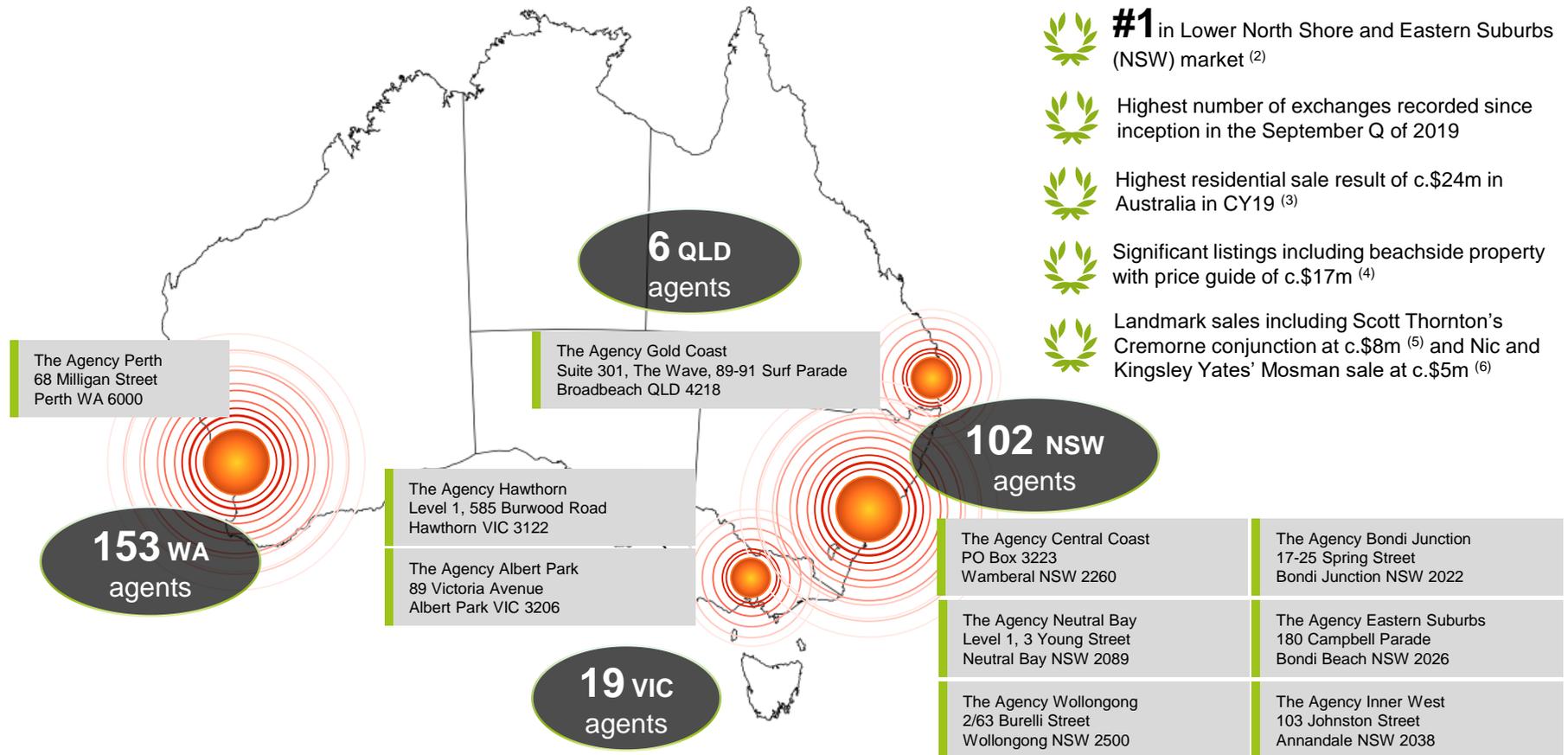


Notes: (1) Commission structure is tailored dependent on brand (The Agency or SLP) and agent performance.

Accelerating national presence

In over 2 years since listing on the ASX, the Company has established a national presence with 10 physical locations across key metropolitan markets in Australia. Led by an industry-leading management team, The Agency has achieved and continues to capture Australia's prominent property sales

-  **#1** in WA market ⁽¹⁾
-  **#1** in Lower North Shore and Eastern Suburbs (NSW) market ⁽²⁾
-  Highest number of exchanges recorded since inception in the September Q of 2019
-  Highest residential sale result of c.\$24m in Australia in CY19 ⁽³⁾
-  Significant listings including beachside property with price guide of c.\$17m ⁽⁴⁾
-  Landmark sales including Scott Thornton's Cremorne conjunction at c.\$8m ⁽⁵⁾ and Nic and Kingsley Yates' Mosman sale at c.\$5m ⁽⁶⁾



Notes: (1) Based on value of listings sold in September 2019. (2) Based on number of listings sold in the Lower North Shore and Eastern Suburbs (NSW) area (September 2019) and the number of properties currently listed (September 2019). (3) 20B Tivoli Avenue, Rose Bay, Sydney. Sold by Ben Collier. (4) 125 year old heritage-listed home, "Le Fanu", Cottesloe, Perth. On market by Pamela Wilkinson. (5) April 2019. (6) May 2019.

The Agency Group is comprised of three service categories, including property sales, property management and ancillary services

The Agency Group's divisions



Property sales

Conducts sales of residential properties on behalf of property vendors.

Operates a unique agent recruitment model that delivers high growth to the company while generating value for customers.

Disrupting the Australian real estate brokerage market with its two differentiated offerings under the brands The Agency and Sell Lease Property (SLP).

THE AGENCY

Premium, full service offering



Value, SaaS support offering



Property management

Manages residential properties on behalf of property owners.

Operates a unique agent incentive model that encourages agent performance and in turn generating stable, recurring revenue for the business.

The Agency Group's property management division operates under The Agency brand.

THE AGENCY



Ancillary services

Provision of ancillary services provides cross-sell opportunities

- Mortgage financing services: mortgage loan book with c.4300 loans and \$1.9m in annualised trail income ⁽¹⁾
- Financial planning: provision of risk products and advice to clients undertaking new mortgages
- Conveyancing: settlement services

Notes: (1) Calculated from September 2019 monthly trail income.

The Agency's dual offering, including a premium brand (The Agency) and a value brand (SLP) enables it to attract sales agents across the spectrum of potential requirements and needs

Revenue model

Upon the successful sale of a residential property, a vendor commission, a percentage of the property's sale value, is charged. This commission is subsequently split between The Agency Group and the agent.

THE  AGENCY

211 AGENTS

NATIONAL PRESENCE
ACROSS 10 PHYSICAL LOCATIONS

The Agency is a **premium brand with a full service offering** that provides agents with a progressive commission structure.

An agent will typically retain c.75% of the vendor commission, with The Agency Group receiving the remaining c.25%.

Additional revenue to the business is generated from:

- if an agent chooses to have a physical desk provided, a desk fee of \$6,000 p.a.; and
- \$250 per transaction fee.



69 AGENTS

VIRTUAL PRESENCE
PREDOMINANTLY ACROSS WA AND QLD

SLP is a **value brand with a SaaS offering**, boasting unique technology that supports the entire administrative process for real estate transactions.

SLP provides agents with a progressive commission structure. An agent will typically retain c.85% of the vendor commission, with The Agency Group receiving the remaining c.15%.

Additional revenue to the business is generated from:

- \$10,000 p.a. member fee;
- \$720 p.a. I.T. platform fee; and
- \$250 per transaction fee.

The Agency's offerings across both brands boast a superior financial and non-financial value to sales agents above independent operations and traditional franchises

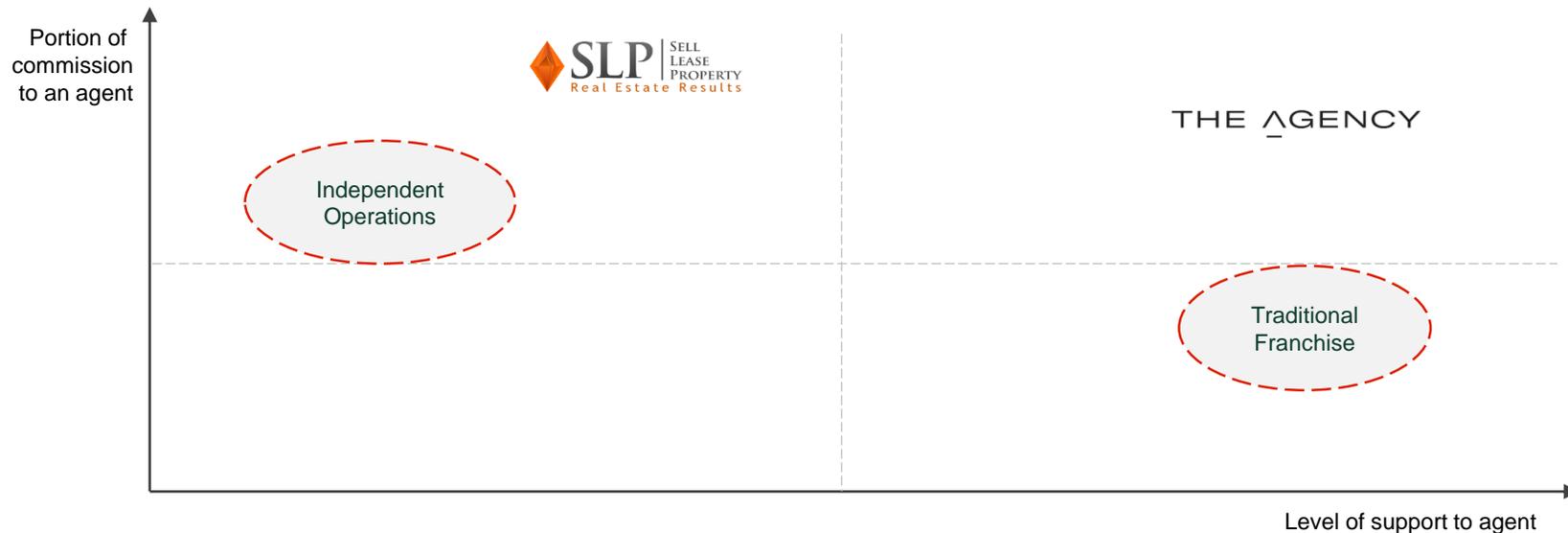
Enhanced fee offering across the market

Whilst franchised based brand networks dominate the Australian brokerage market, it creates significant fee leakage away from agents with multiple layers of administration and costs that sit above an agent, including the franchisee and the franchisor.

The primary alternative for agents has been to establish their own operations, either standalone or with peers. In exchange for a higher share of their fee income agents take on significant overhead cost and administrative burden.

The Agency and SLP brands provide overall larger profits to the agent than a traditional franchise or an independent operations, respectively:

- The Agency brand returns previously leaked fees to the agent, with the same level of support as a traditional franchise
- The SLP brand enables agents to operate an independent operation with a highly sophisticated cost efficient technology platform

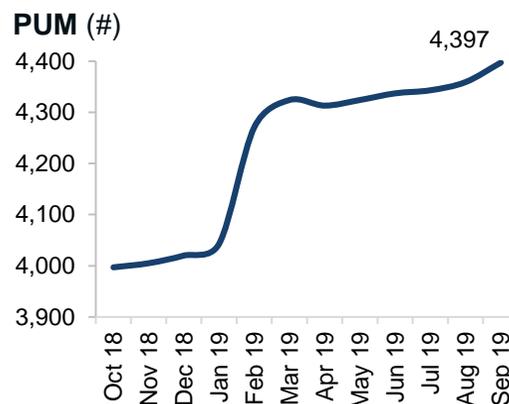


Property management

Revenue under the property management division is predominantly composed of management fees. For all properties under management (**PUM**), the management fee, a percentage of rental income, is retained by The Agency Group.

4,397 PUM
ANNUAL RECURRING REVENUE OF \$6.7M ⁽¹⁾

Unlike traditional property managers, The Agency incentivises agents through a long-term value proposition.



Mortgage financing

Mortgage financing is one of The Agency's ancillary services, under the brand Mortgage and Financial Solutions. The Agency's mortgage book currently consists of c.4300 loans. Revenue predominantly consists of upfront fees and trail income.

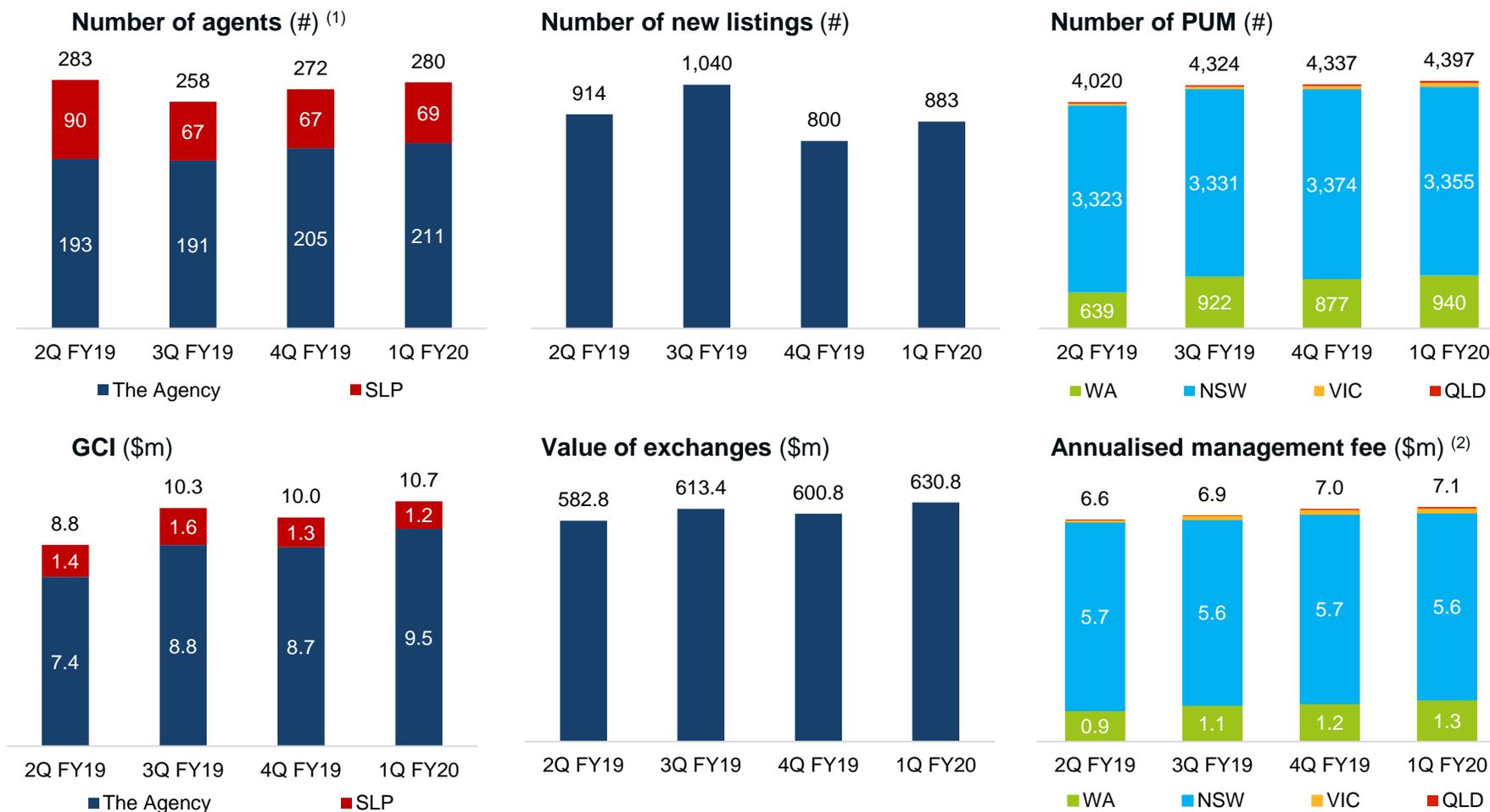
\$4.6M VALUE OF MORTGAGE BOOK ⁽⁴⁾
ANNUAL RECURRING REVENUE OF \$1.9M ⁽⁵⁾

As at 30 September 2019		WA	NSW	VIC	QLD
PUM					
Number of properties	#	940	3,355	70	32
Annualised rental income	\$m	17.99	119.91	2.68	1.01
Rental income per property ⁽²⁾	\$'000	19.14	35.74	38.30	31.53
Management fee	%	6.62%	4.46%	4.65%	4.04%
Annualised management fee ⁽¹⁾	\$m	1.2	5.3	0.1	0.04
Value of Rent Roll ^(1,3)	\$m	3.3	19.6	0.5	0.1

Notes: (1) Calculated from September 2019 monthly management fee. (2) Calculated on occupied properties under management. (3) Calculated on a blended valuation multiple of 3.5x. (4) Calculated on a valuation multiple of 2.4x on annualised trail income calculated from September 2019 monthly trail income. (5) Calculated from September 2019 monthly trail income.

Operational metrics – LTM

The Company, has experienced a strong improvement in GCI in the last quarter despite maintaining agent numbers as its strategic transformation of SLP has removed poor producing agents. The Agency continues to be supported by a strong property management division



Notes: (1) Following Fair Work Australia's recent legislative changes the Company have performed a strategic review of the SLP agent network. (2) Calculated from quarterly management fee.

Senior management



Paul Niardone
Managing Director

Previously Executive Director and founder of Professional Public Relations (WA), the largest PR and communications firm in the State until he sold the business to WPP. Experience in marketing and strategic planning for clients in both Government and the private sector and over 15 years experience with public companies.



Matt Lahood
Chief Executive Officer – The Agency

More than 30 years in real estate sales; 2,000+ property sales worth over \$2bn. Previously Director of Sales for McGrath Real Estate, responsible for market entry strategies and management of 22 company owned offices and more than 250 people.



Thomas McGlynn
Director of Sales

Armed with close to 15 years of experience, Thomas has conducted over 4,000 auctions and run thousands of training and one-on-one coaching sessions. It is the rare combination of hands-on sales experience, general management and auctioneering that make Thomas a trusted and dependable leader at The Agency.



Steven Chen
Director of Projects

Over 20 years' experience in real estate sales delivering over 3,000 properties worth in excess of A\$2.5bn. Ranked 16 in the top 100 agents of 2016 by REB. Previously Head of Projects for McGrath Real Estate where he was responsible for a team of eight Associate Directors and over 50 agents and support staff across Sydney, Brisbane and Gold Coast.



Maria Carlino
Director of Property Management

Over 27 years of real estate experience in key markets incl. Sydney, Brisbane and the Gold Coast. Previous senior roles at RUN Property, Ray White and McGrath Real Estate where she was responsible for the management and growth strategies of the rental portfolio and team across all company owned offices.

Board of directors



Andrew Jensen
Chairman

Andrew, formerly CFO of Ray White, has extensive knowledge in the management of all aspects of finance with strong commercial, strategic, M&A, and change management experience. He has financially led companies engaged in various fields including real estate and ancillary services sectors globally. Fellow of IPA and member of the AICD.



Paul Niardone
Executive Director



Matt Lahood
Executive Director



John Kolenda
Non-Executive Director

John is the co-founder and Managing Director of Finsure Group, one of Australia's fastest growing retail finance brokerages, writing over \$1 Billion in new mortgages every month across 1300 brokers. He formed the Loan Market Group with Ray White and before that worked as the General Manager of Sales & Distribution of Aussie Home Loans.



Adam Davey
Non-Executive Director

Adam is Director, Private Clients and Institutional at Patersons Securities. His expertise spans over 25 years and includes capital raising (both private and public), mergers and acquisitions, ASX listings, asset sales and purchases, transaction due diligence and director duties.

