Macquarie Emerging Leaders Forum

20 June 2019

Consolidated
Operations Group
Finance and Leasing

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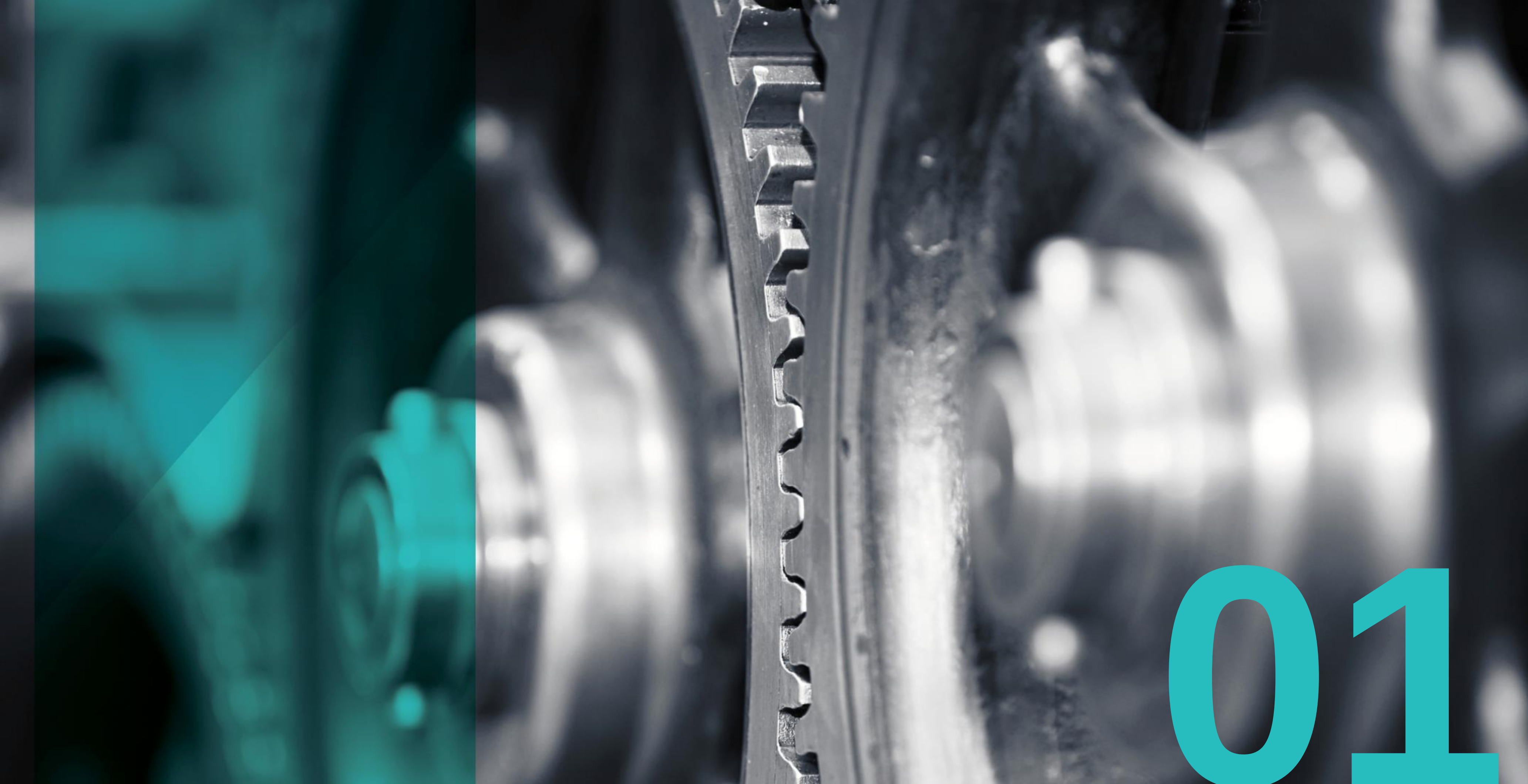

01

Introduction

Introduction

Presenting today

Andrew Bennett
Group CEO

- Over the last 3.5 years, Consolidated Operations Group (COG) has transformed from a listed investment company to Australia's leading SME finance broker network
- COG's next stage of growth is premised on expanding its suite of in-house SME lending products and accelerating the deployment of capital, funded by senior bank warehouses facilities and/or subordinated mezzanine debt

Investment highlights

Strong growth in SME lending market	— With 2.3m SMEs employing 4.7m people, SMEs are a large and significant part of the Australian economy — While there has been some improvement, SMEs still have lower access to finance and pay higher interest compared to larger businesses — Total equipment finance commitments have increased by 10.0% pa over the last 5 years to $37bn in 2018 — A significant pipeline of infrastructure projects along the Australian East Coast will drive demand for equipment and equipment financing by SMEs
Stable regulatory environment, with banks reducing their exposures	— The Financial Services Royal Commission Final Report recommended that the current rules governing lending to SMEs should be retained, including excluding SME lending from the scope of the NCCP Act — Banks have been pulling back from lending to SMEs to focus on property lending given their lack of specialist expertise and potential changes to their capital requirements
COG has the largest distribution network and is the only consolidator in a fragmented broker market	— Brokers provide a key facilitation service between SMEs and lenders given the complexities surrounding lending to SMEs — COG is the largest distribution network in the broker-originated asset finance space with approximately 17% market share — Proven acquisition model and alignment of interest with management, who retain a minority interest in their businesses — The SME broker market is highly fragmented, with COG being the only acquirer of scale

Clear growth strategy with acquiring brokers and expanding in-house products	— Clear two-pronged growth strategy focused on:
	  — Acquisition of quality broker businesses to further build out its distribution network in an environment where there is minimal competition
	  — Developing prime SME lending products which can be sold through COG's distribution network

Overview of COG

COG's core operations are an SME equipment finance broking and aggregation business and a provider of non-prime commercial equipment leasing

Finance Broking & Aggregation

- Australia's largest equipment finance broking and aggregation group, with estimated 17% market share of broker originated asset finance
  - 1H19 Net Asset Finance (NAF) of $2.0bn
- Driven an acquisition-led finance broker and aggregation platform strategy, with founders / vendors retaining an equity exposure to their business
- Provides aggregation services to COG equity owned brokers and independent network member brokers
- 1H19 reported EBITDA of $4.9m

Commercial Equipment Leasing

- Provider of non-prime commercial equipment leasing
- Current lease receivables book of $97m, with $25m of leases written in 1H19 and a small skew towards the 2nd half (approximately 48% / 52% split)
- Distributed through brokers, including $4m through COG brokers in 1H19
- 94% of the book externally funded through various funders, with the balance internally funded
- 1H19 reported EBITDA of $7.6m

Other

- Segment includes:
  - — COG head office expenses of ($1.2m) in 1H19
  - — HAL Group, which is a provider of IT Managed and Professional Services, as and Leading Edge Group, which is a reseller that provides IT support services and solutions for SMEs
- 1H19 reported EBITDA of ($1.5m)

Consolidated Operations Group
Finance and Leasing

Company history

COG is a young, entrepreneurial and agile company that has moved quickly over the last 3.5 years to develop into a specialist SME finance business with the largest equipment broking and aggregation network in the market

Prior to 2015
Investment entity
COG (then known as Armidale Investment Corporation) is an investment entity with fully owned and majority owned subsidiaries, including TL Rentals and HAL

Oct 2015
Non Executive Director
Cameron McCullagh appointed as a Non Executive Director

Dec 2015
Platform Consolidated Group
Acquisition of 60% of Platform (asset finance broker and aggregator) for $23m. Ownership subsequently increased to 100% in July 2018

May 2016
Broker roll-up strategy
Announced broker roll-up strategy with active efforts to identify possible acquisitions

Aug 2016
Joint Managing Director
Cameron McCullagh appointed as Joint Managing Director

Oct 2016
Acquisition of Linx and QPF
Acquisition of 50% of Linx (Melbourne headquartered equipment finance, insurance and mortgage broker) and QPF (Brisbane headquartered equipment and vendor finance broker) for $34m

Oct 2016
Acquisition of Consolidated Finance Group
Acquisition of 80% of CFG (asset finance aggregator) for $15m

Apr 2017
Change in company name
Company name changed to Consolidated Operations Group

May 2017
Consolidated accounting policy
Investment Entity accounting updated to consolidated basis to reflect change in business model

May 2018
Senior management
Andrew Bennett appointed as senior executive

Sep 2018
Acquisition of Westlawn
Acquisition of 32% of Westlawn (finance company) for $14m

Oct 2018
Non Executive Director
Patrick Tuttle appointed as Non Executive Director

Feb 2019
Leadership changes
Patrick Tuttle appointed Chairman, Cameron McCullagh moves to Executive Director (Finance Broking & Aggregation), and Andrew Bennett appointed Group CEO

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Finance and Leasing

Strategic objective

COG is building the leading Australian SME business equipment finance adviser

Value

✓ **Critical mass established**

Establish leading SME equipment finance distribution network

Key strategic acquisitions now been made with majority of surplus capital deployed

Largest finance broker network established

Current Position

Expand in-house leasing products capability & funding sources

New products
- auto loans
- equipment leases

External funding
- senior bank warehouse facility
- subordinated mezzanine debt

Grow origination of company owned products and shareholder returns

Leveraging company's broker distribution network (equity owned brokers and independent network partners)

Reducing funding costs, increasing lending margins to grow shareholder returns

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Finance and Leasing

Trusted SME finance adviser

COG is Australia's leading SME finance adviser with an estimated 17% market share of broker intermediated finance for SMEs

Finance Broker Synergies
- Aggregation platforms
- IT
- Compliance
- Back office support

monetise

Broker Business Support
- Strategy & systems
- Conference & education
- IT & CRM

Owned Finance Product
- Prime equipment
- Prime auto
- Non-prime equipment

Distribution – Broker Network
- Equipment finance
- Car finance
- Operating leases
- Premium funding
- Invoice discounting
- Insurance broking

Finance Product
- Prime equipment
- Prime auto
- Non-prime equipment

monetise

Origination
- Targeting $5bn NAF with 10-20% to be funded by COG

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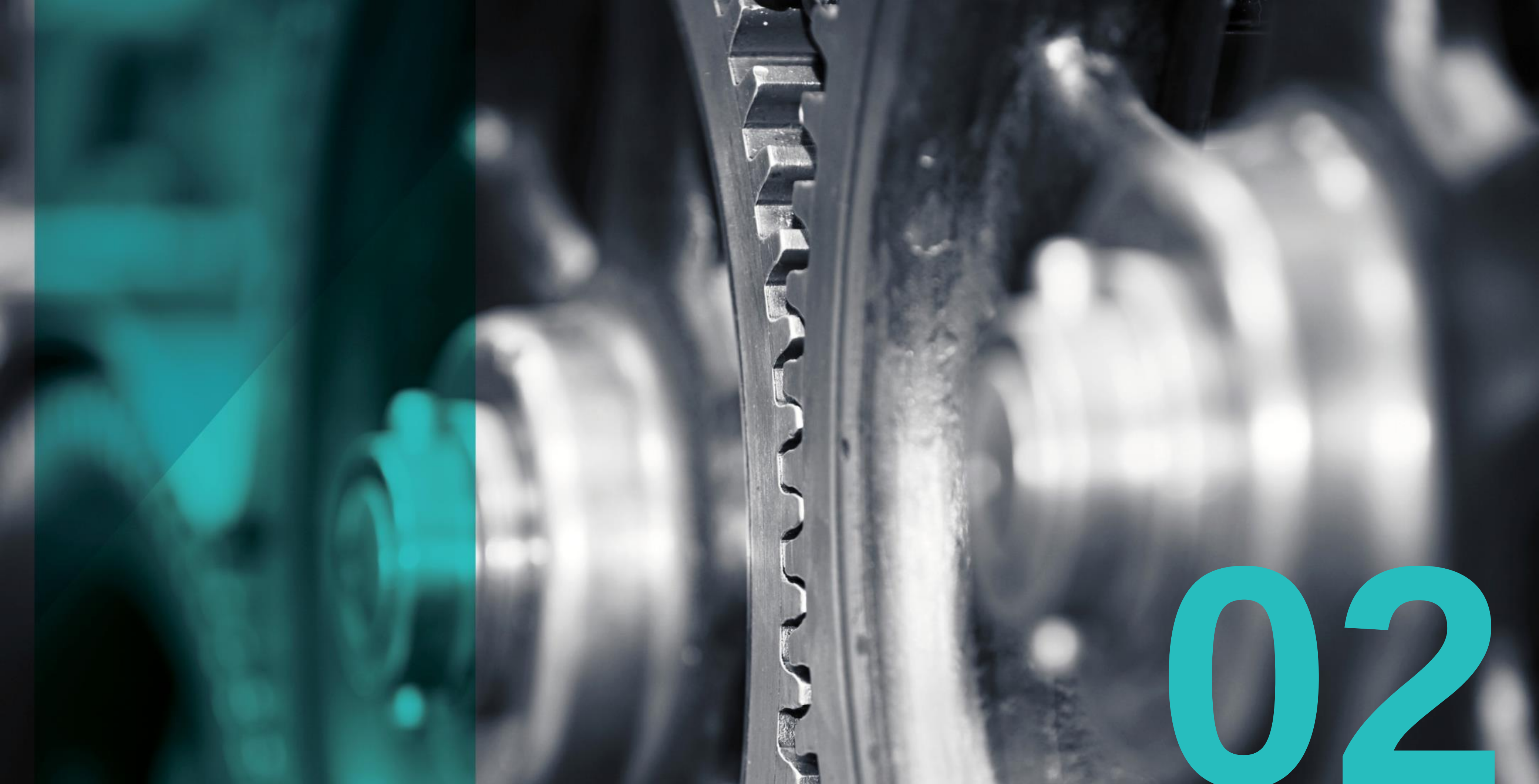
Finance and Leasing



02

Industry overview

SMEs in Australia

Small and medium-sized enterprises are a significant part of the Australian economy, comprising 98% of all businesses and employing 44% of people in the private, non-financial sector

Key statistics[1]

2.3m
Small businesses in Australia

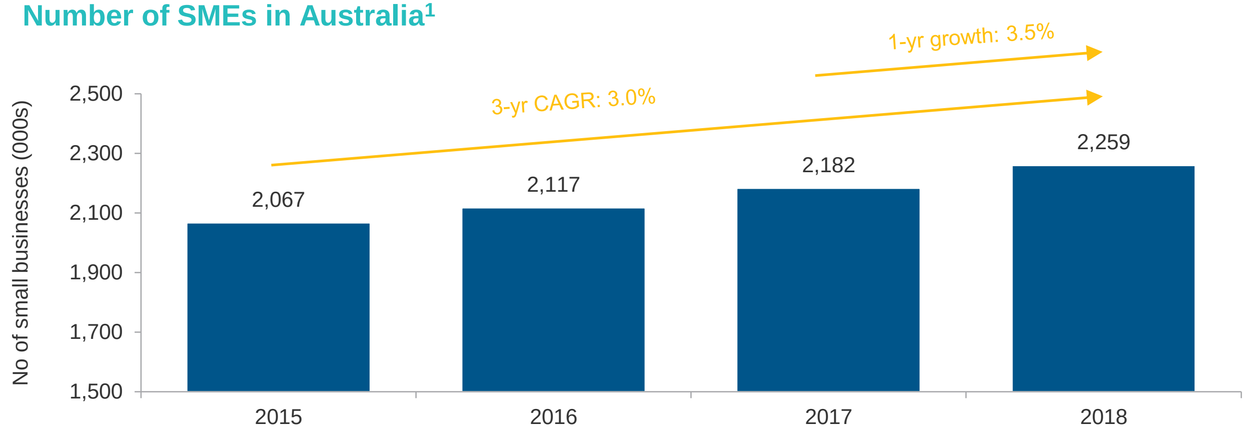
353,281
New small businesses in 2018

98%
Percentage of businesses that are small businesses

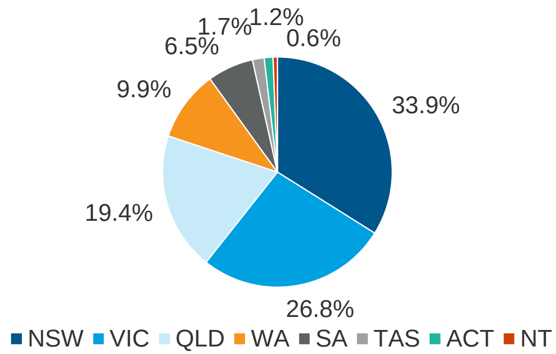
4.7m
People employed by small businesses in 2016

44%
Percentage of people employed by small businesses in private, non-financial sector in 2016

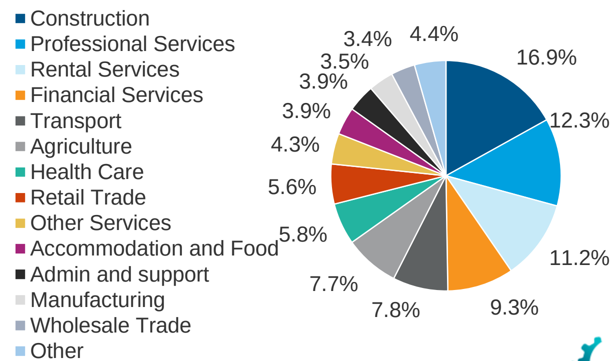
Number of SMEs in Australia[1]



SMEs by state



SMEs by industry

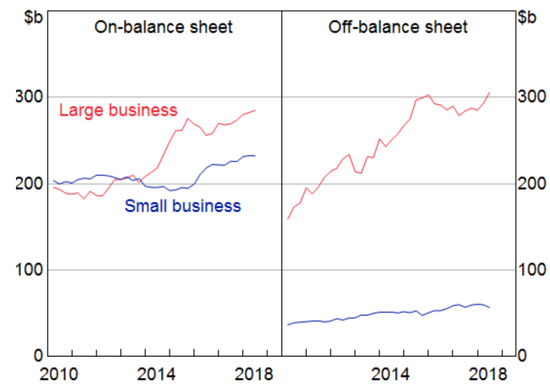


Source: ABS 8165 (Counts of Australian Businesses, including Entries and Exits, June 2018), Financial Services Royal Commission, Background Paper 12, Financial Services and Small and Medium-Sized Enterprises (SMEs). Notes: 1. SMEs defined as businesses that have less than 20 employees, including non-employing businesses.

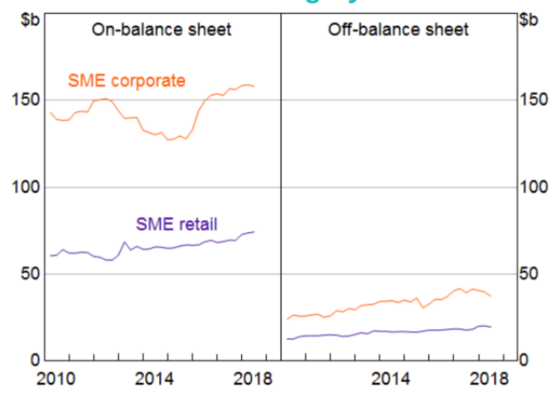
Lending to SMEs

SMEs borrow less and pay higher interest for bank debt compared to larger businesses and their perception of access to finance has deteriorated over recent periods

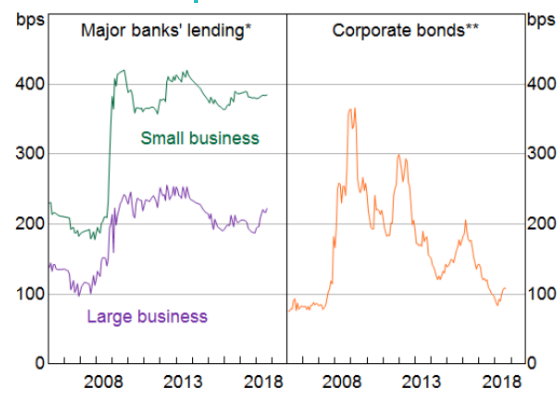
Business lending by banks[1]



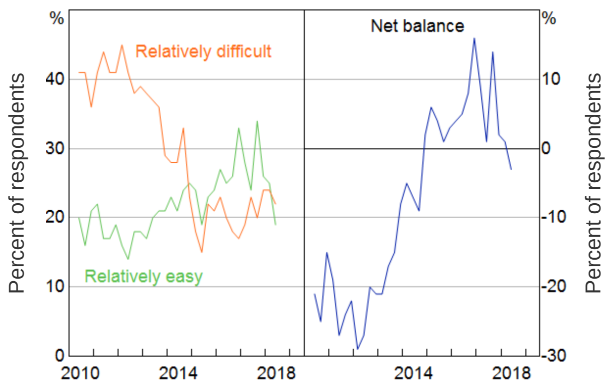
Small business lending by banks[2]



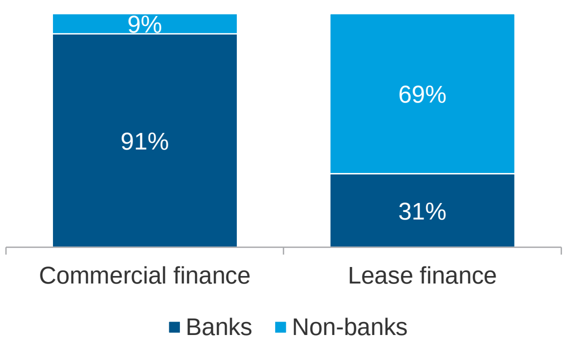
Interest rate spreads on business debt[1]



SMEs' perception of access to finance[3]



Business lending by type of lender[4]



Potential changes to SME lending

- Banks have been tightening access to credit for SMEs
  - CBA's risk-weighted assets associated with SME loans have fallen from $46.7bn in Dec 2017 to $45.0bn in Dec 2018
- APRA is considering altering risk weightings for SME lending, with any changes likely to apply by 1 January 2021

Source: Access to Small Business Finance (RBA Bulletin – September 2018), ABS 5671.0 – Lending Finance, Australia, November 2018. Notes: 1. Internal ratings-based banks. Small businesses are those that reported consolidated annual sales of less than $50m. 2. SME retail are those with loans under $1m, while SME corporate have loans greater than $1m. 3. Net balance is "relatively easy" less "relatively difficult". 4. Year to November 2018.

SME lending products

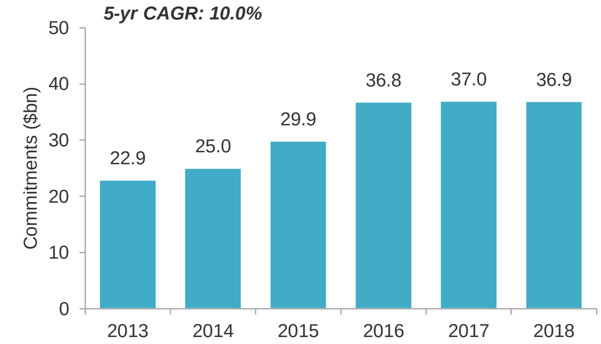
COG currently focuses on the equipment financing segment of the SME lending market, which has grown at 10% CAGR over the last 5 years

Key financing products for small businesses

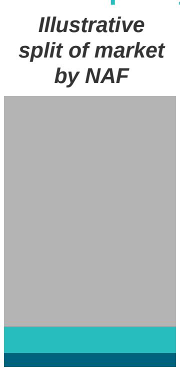
Financing option	Description	Advantages for small businesses	Disadvantages for small businesses
Bank loans	Term, revolving and/or overdraft loans from traditional banks	✓ Relatively lower cost ✓ Consolidated view of all business accounts	× Often requires mortgage over residential property × Small businesses may not meet credit requirements × May be time consuming
Asset financing	Loan or lease to purchase equipment or motor vehicles	✓ Tailored solution for asset-based businesses ✓ Relatively lower cost	× Often specific to certain use cases and asset-intensive industries (eg construction, mining, agriculture)
Unsecured lending	Loans from specialist SME lenders that do not require security	✓ No asset security required to access finance ✓ Credit decision predominantly based on cash flow serviceability ✓ Ongoing access to funds	× Higher cost to the customer relative to traditional funding provided by banks
Invoice financing	Cash advance against the value of trade receivables	✓ Short-term working capital finance solution ✓ Ongoing access to funds	× Only relevant to invoice-based businesses × Requires due diligence by financier

Current focus for COG   Potential area for growth

Equipment finance commitments[1]



Illustrative split of equipment finance by credit quality



Credit quality	Providers of finance	Est. cost to SME	Est. pre-tax ROE
Prime	Banks	~7%	~25%
Mid-prime	Finance companies	~13%	~50%
Non-prime	Specialist providers	~20%	n/a

Source: Prospa Economic Impact Report (January 2019), ABS 5671.0 – Lending Finance, Australia, November 2018. Notes: 1. Includes both SMEs and larger businesses. 12 months ending November.

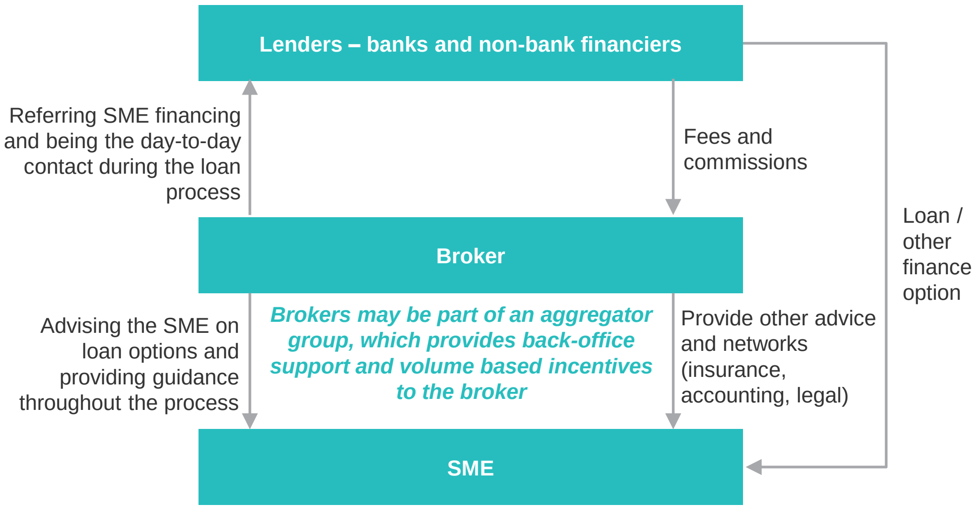
Broker distribution

Due to the complexities around lending to SMEs, brokers play an important facilitation role between SMEs and lenders

Complexities surrounding SME lending

- Potential overlap between businesses' finances and owners' finances
- Number of lesser known lenders vs residential property lending
- Lenders' different credit requirements and changing risk appetites
- Range of lending products and options available
- Different requirements regarding security (residential property and/or commercial property) between lenders, especially in an environment of falling property prices

Broker model



Key aggregator competitors to COG

Aggregator	NAF[1]	Comments
Connective	~$800m	— Equipment finance offered as part of a broad spectrum of lending products including mortgages, personal loans and SME loans — Provides access to 20+ lenders — Offers access to Mercury software and the BOLT processing platform
College Capital	~$350m	— Focused on asset finance — Offers broker clients access to traditional financiers as well as its own branded products — Has fully managed funding arrangements with Canon Australia Finance and Pepper Group — Brokers predominantly based in Victoria and southern NSW
NFC	~$330m	— Owned by ASX-listed McMillan Shakespeare — Asset finance offered as part of broader novated leasing solution — ~250 accredited brokers and 26 lenders on its panel — Provides software solutions, training and compliance assistance — Offers insurance cross-sell options

With ~$4bn of NAF annually, COG has the largest network of broker distributed asset finance in a highly fragmented market

Notes: 1. Equipment finance NAF as estimated by COG.

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Regulatory framework

In an environment where banks are pulling back from lending to SMEs, the Financial Services Royal Commission Final Report did not identify any issues with how the sector operated

Regulatory environment and competitive dynamics

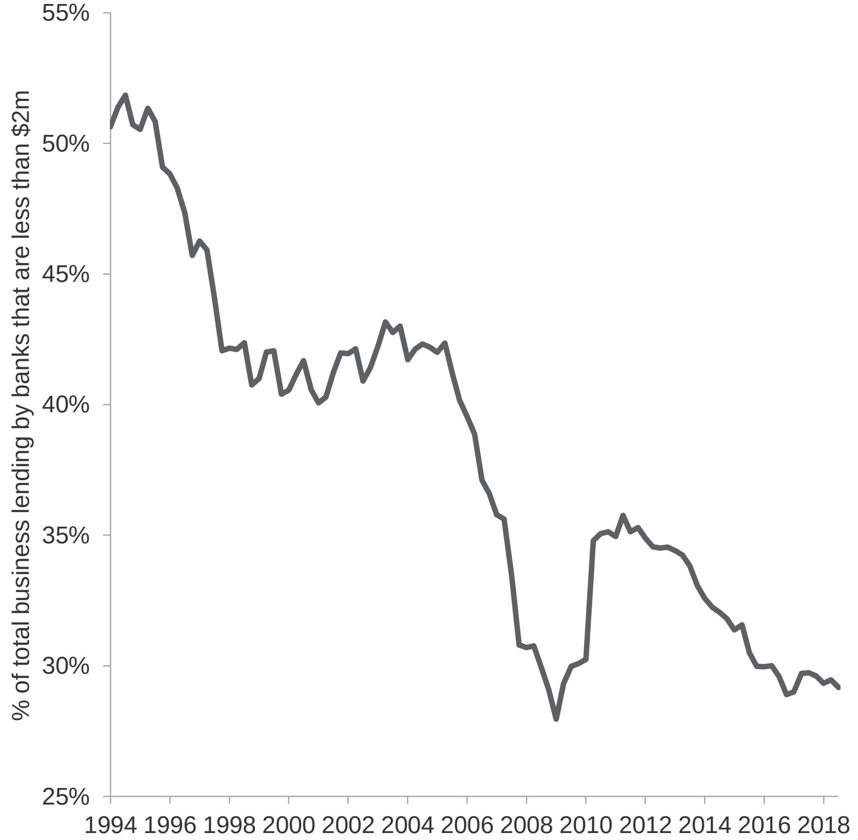
Regulatory environment

SME lending does not fall within the NCCP	— The FSRC Final Report recommended that the current rules governing lending to SMEs should be retained, including not extending the NCCP Act to SME lending — Recognised the complexities associated with lending to SMEs
Expansion of definition of "small business" in the Banking Code of Practice	— FSRC Final Report recommended expanding the definition of "small business" in the Banking Code of Practice to include businesses employing less than 100 FTEs and where the loan is less than $5m (up from $3m currently and removing the turnover test)

Drivers of banks pulling back from SME lending

Focus on property lending	— Australian banks have a high proportion of property lending exposures relative to international peers — SME lending is a very small part of banks' balance sheets and seen as less core than mortgages or institutional lending to larger corporates
Lack of specialist expertise	— SME lending is higher touch and more labour intensive vs property lending or institutional lending — Inherently different risk and return profile vs mortgages and institutional lending given businesses are earlier stage
Risk weighting differential	— SME lending has higher operational costs as well as higher risk weights compared to mortgage lending, which increases the capital required to be held — As a result, banks achieve a lower ROE for SME lending compared to lending for mortgages

Business loans under $2m

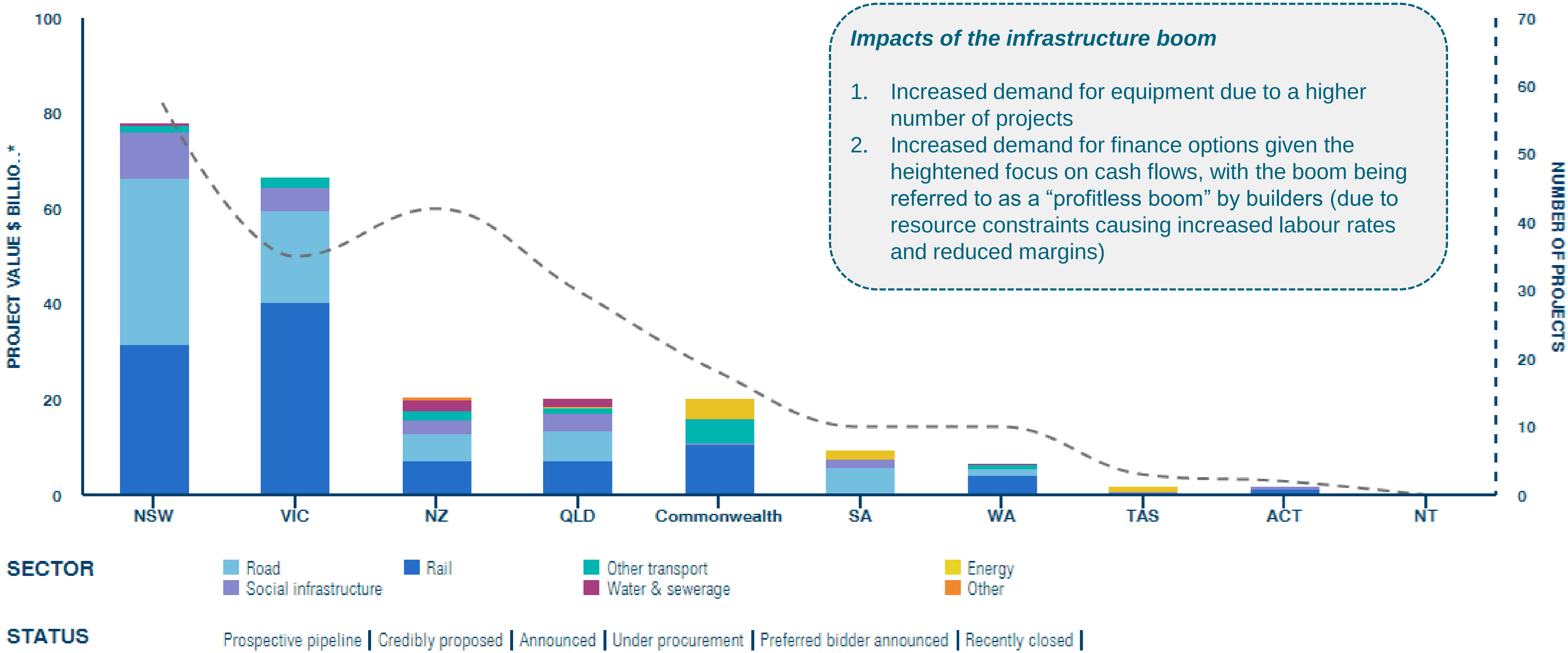


Source: RBA Statistical Table D7.3.

Infrastructure spending

The significant pipeline of infrastructure projects along the Australian East Coast, driven by road and rail projects, will continue to drive demand for equipment and equipment financing by SMEs

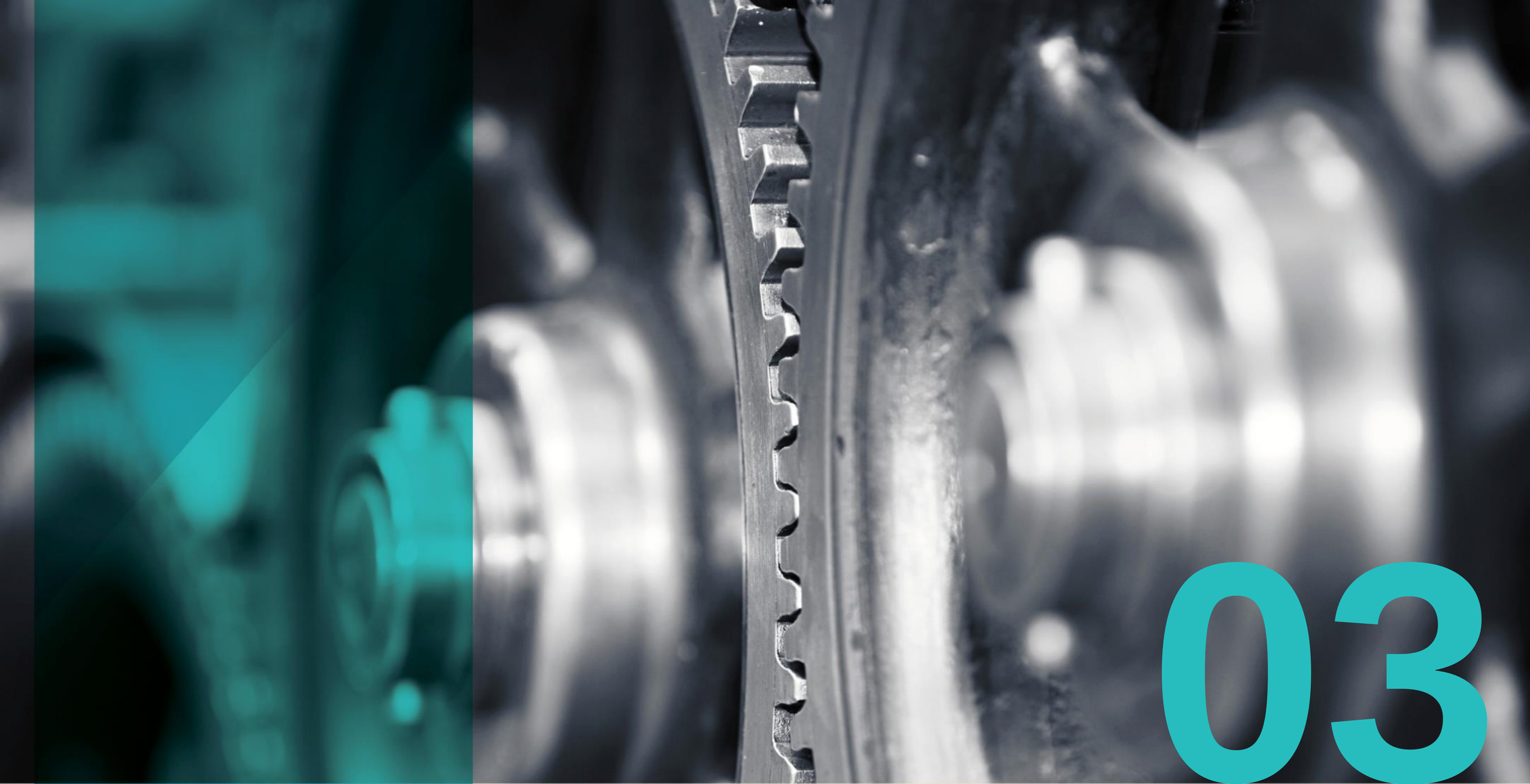
Greenfield infrastructure projects by jurisdiction and sector[1]



Impacts of the infrastructure boom

1. Increased demand for equipment due to a higher number of projects
2. Increased demand for finance options given the heightened focus on cash flows, with the boom being referred to as a "profitless boom" by builders (due to resource constraints causing increased labour rates and reduced margins)

Source: Australia & New Zealand Infrastructure Pipeline. Notes: 1. Includes projects with the following current status: prospective pipeline, credibly proposed, announced, under procurement, preferred bidder announced and recently closed.



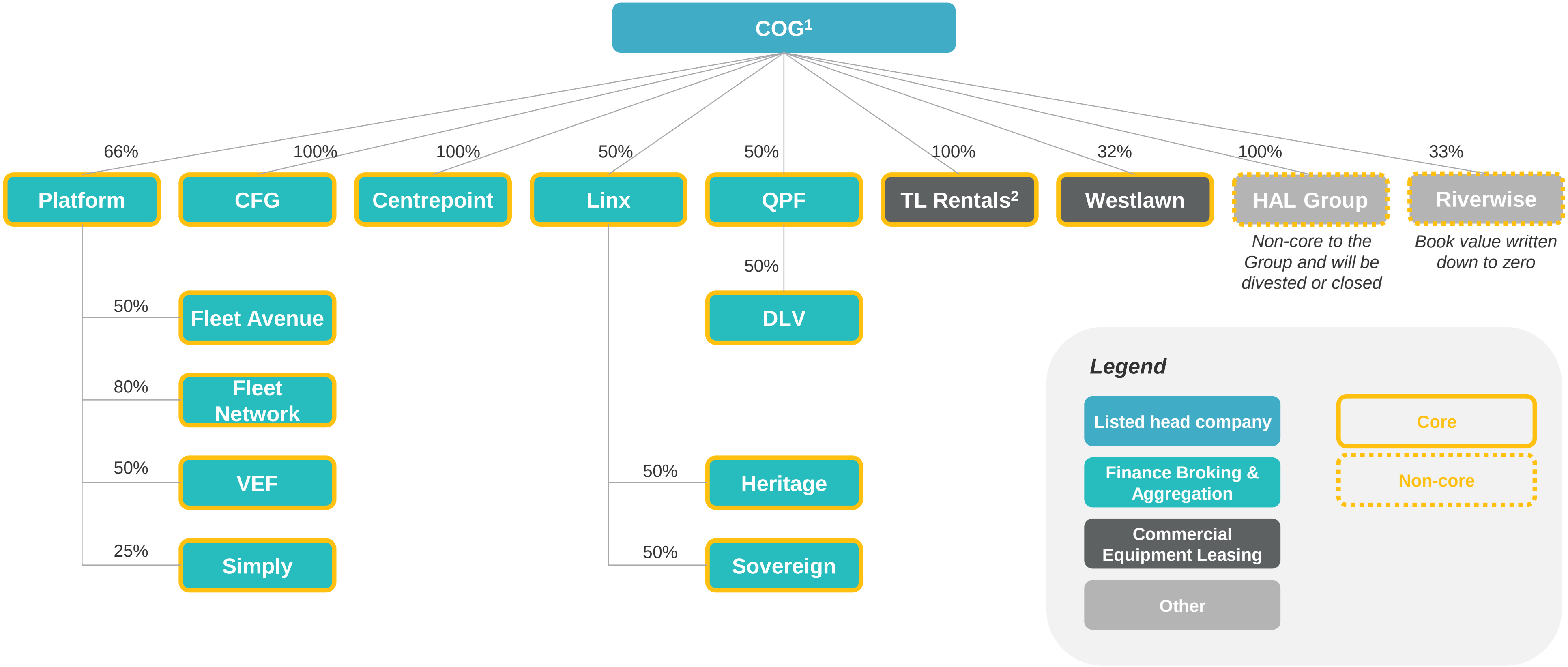
03

Business overview

Group structure diagram

COG has acquired full ownership or majority stakes in a number of Broking & Aggregation businesses over the last 3.5 years, and improved the operations of its legacy leasing business

Group structure diagram including key subsidiaries



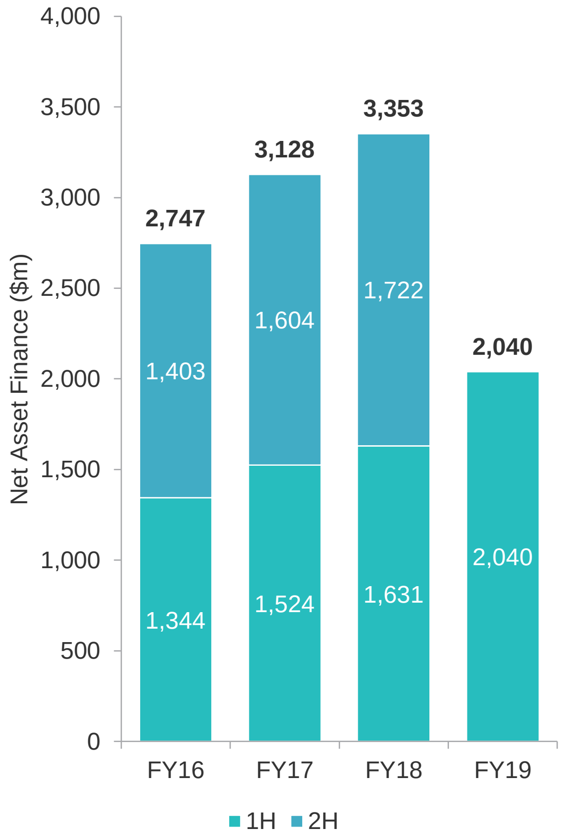
Notes: 1. Head office expenses are reported in the "Other" segment. 2. Legally owned by HAL Group but reported in the Commercial Equipment Leasing segment.

Finance brokers & aggregation

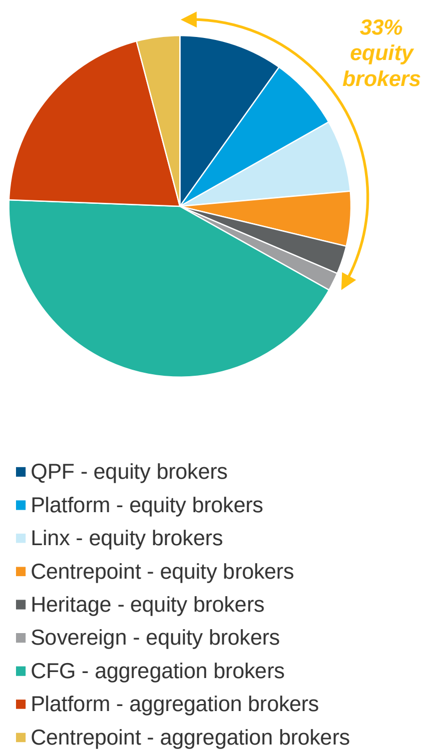
Overview

Supported by an inorganic growth strategy, COG's Net Asset Finance have increased by more than 50% in 1H19 vs 1H16

Net Asset Finance (NAF)



Pro-forma 1H19 NAF split[1]



Key components of revenue

	Revenue	Detail	Significance of revenue
Broking	**Upfront commission**	— Commission paid by the lender to the broker for originating the loan — Percentage of loan amount — Potential clawback if finance fails within the first 12-24 months	4
Broking	**Trailing commission**	— A trailing commission is paid by the lender over the life of the loan — Percentage of loan amount	1
Aggregation	**Volume based incentives**	— Paid by lenders to aggregation platforms for additional volume — Partially rebated to brokers, with larger brokers receiving a bigger rebate	2
Aggregation	**Fees**	— Some recharge of services provided to brokers, including IT, compliance and back office outsourcing	1
Other	**Sale of goods**	— Predominantly relates to sales of cars, with some sales of IT equipment — Businesses have an offsetting cost of good sold expense, and do not contribute to earnings materially	3
Other	**Ancillary revenue**	— Revenue associated with ancillary businesses of brokers, eg salary packaging, mortgage broking, insurance broking	1

In its Final Report, the Financial Services Royal Commission did not recommend any changes to the commission structure for SME finance brokers

Notes: 1. Pro-forma adjustments: including Centrepoint's full 1H19 NAF and including the estimated 1H19 NAF of Heritage and Sovereign acquisitions.

Finance brokers & aggregation
Key subsidiaries

The key businesses within the Broking & Aggregation segment are 2 brokers (Linx and QPF), 1 aggregator (CFG) and 2 broker aggregators (Platform and Centrepoint)

		Platform	CFG	Centrepoint	Linx	QPF
Overview	**Percentage ownership**	66%[1]	80% / 100%[2]	100%	50%	50%
	Date acquired	Dec 2015	Oct 2016 / Jul 2018[2]	Aug 2018	Oct 2016	Oct 2016
	Price paid	$22.9m	$14.7m / $4.2m	$8.3m	$13.1m	$21.3m
Business	**Aggregation platform**	✓	✓	✓	✗	✗
	Number of members[3]	291	140	12	n/a	n/a
	SME finance broking	✓	✗	✓	✓	✓
	Mortgage broking	✓	✗	✓	✓	✓
	Insurance broking	✓	✗	✗	✓	✓
	Other businesses	Salary packaging, car sales	n/a	n/a	n/a	n/a
	Number of offices	8	3	7	6	9
	Number of brokers[4]	4,543	372	41	11	21
	Geography	NSW, VIC, QLD, WA, NT, SA, TAS	NSW, VIC, QLD, TAS	NSW, VIC, QLD, WA	NSW, VIC, QLD, TAS	QLD, WA, NSW
Financials	**NAF (1H19)**	$602m	$1,303m[5]	$204m[6]	$150m	$217m
	Gross revenue (1H19)[7]	$59.08m	$9.95m	$4.48m[8]	$5.52m	$10.46m
	Gross EBITDA (1H19)[7]	$2.93m	$1.51m	$0.16m[8]	$1.72m	$2.10m
	EBITDA ex NCI (1H19)[7]	$1.60m	$1.51m	$0.16m[8]	$0.73m	$1.04m
	Other comments	— Auto finance focused with larger consumer business — Underperformed in recent periods driven by market dynamics, including change to BMW Finance and loss of Connective contract, partially replaced with other referral contracts from late 2018	— Performed strongly since acquisition, with EBITDA up materially in FY19 YTD vs pcp	— Strong management team — Proprietary equipment finance software system — Significant geographical diversification	— FY18 EBITDA shows strong growth from time of acquisition, albeit FY19 YTD has been slightly down on FY18 — Increased headcount costs for additional capabilities and corporatisation	— FY18 EBITDA up from time of acquisition, albeit FY19 YTD has been slightly down on FY18 — Increased headcount costs for additional capabilities and corporatisation

Notes: 1. Increased from initially 60% on acquisition. 2. Initial 80% stake for $14.7m in October 2016 increased to 100% in July 2018 for an additional $4.2m. 3. "Members" refers to a group of brokers. 4. Individual brokers, excluding company employees who act as internal brokers. 5. Includes Linx and QPF NAF as they aggregate through CFG. 6. Centrepoint's full 1H19 NAF (rather than from time of acquisition, which is $136m). 7. Before intra-group eliminations. See Financials section of presentation for further details. 8. Only reflects period under COG ownership.

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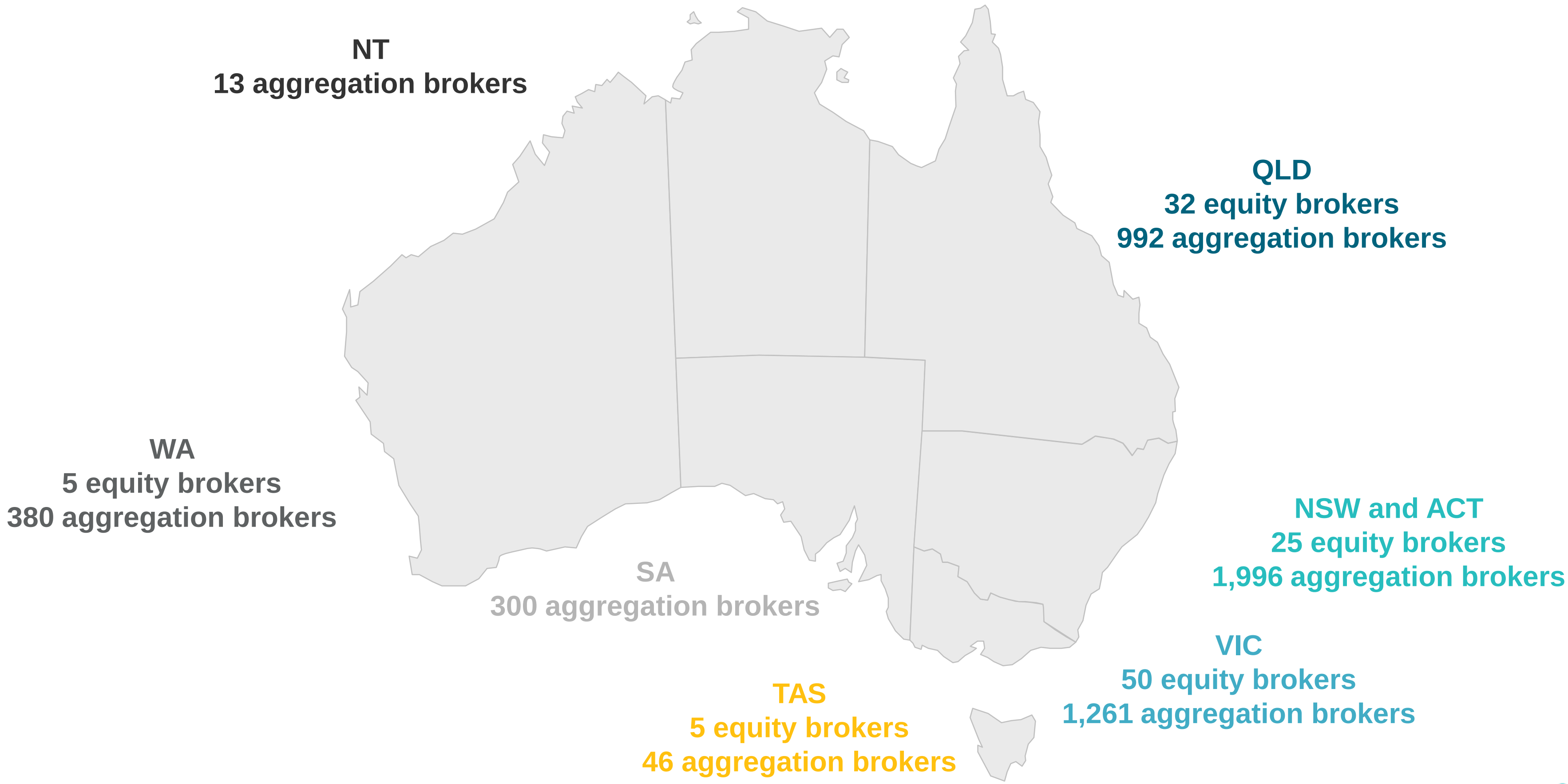
Finance brokers & aggregation

Broker footprint

COG has an Australia-wide broker footprint, with aggregator brokers in all States and Territories and equity brokers in QLD, NSW, ACT, VIC, TAS and WA



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Finance and Leasing

Finance brokers & aggregation

Aggregator brand and IT system

COG's aggregation platforms will continue to attract brokers, driven by the advanced IT systems on offer and the consolidation of the 3 platforms into a single "COG Partners" brand

Unifying COG's aggregation platforms under a common brand

- As an aggregator (or membership group), COG stands between the brokers (who COG wish to be, and remain, members) and the banks / financiers
- To promote our brand in the market and consolidate our influence with banks / financiers, COG have determined that there will be one brand: COG Partners
- In transition, the sub-brands will be:
  - COG Partners CFG
  - COG Partners Centrepoint
  - COG Partners Platform
- One key contact will represent COG with the banks, consolidating the influence of $4.3 billion of annual origination, rather than each sub-brand's individual influence
- Having one brand will also promote our presence with Asset Finance Brokers who are not yet aggregation members

IT system

- In the mortgage broking space, banks will only deal with aggregators with IT systems that have an application programming interface (API) directly to their system
- In insurance broking, the leading aggregator, Steadfast, has invested in IT and achieves increased commissions based on the efficiency of APIs direct to their automated underwriting models
- Through Centrepoint (BROOS) and Platform, the COG group has control of the two most advanced / accepted systems in the Australian Asset Finance industry
- Platform is available for owner brokers and members and is designed for commercial and consumer autos
- BROOS is a specialist Equipment Finance system. Its use is mandated for Centrepoint members and is currently being offered for CFG members. COG expects to have 200 individual users on BROOS by the end of this financial year, which will make it the most widely adopted system in Australia
- Platform and BROOS have APIs to the Westpac Group (Westpac, Capital, St George and Bank of Melbourne). APIs are underway for Macquarie and Metro. COG will seek APIs to all significant funders
- The IT systems are only available to COG group members, being one of the exclusive elements used to attract additional member brokers

Finance brokers & aggregation

Acquisition pipeline

With a structural tailwind of ageing brokers, COG has a strong pipeline of potential opportunities which would be acquired through its key broking subsidiaries

Overview of approach to acquisitions

- COG operates predominantly in prime lending broking, which is the major part of SME broking. This segment commenced around two decades ago as banks merged their finance companies into the banks and commenced the gradual withdrawal of the branch network's responsibility for SME relationships

- Attendance at CAFBA (industry body) and the COG annual conference indicate that the median age of broking principals is late 50s to mid 60s. This creates a good pipeline of acquisition opportunities for COG

- From December 2015, COG has built a geographical footprint with large well managed brokers in Victoria, NSW, Queensland and Western Australia. The acquisition pipeline is generated from approaches by COG, Platform, Linx and QPF

- COG has declined to proceed with the possible acquisition of one of the larger national brokers, as they wished to sell 100% (which does not fit our 'skin in the game' model) and valuation could not be agreed

- The pipeline can be promoted in the short term through contact at industry meetings. In the medium term most brokers don't have a succession plan and, similar to what occurred in insurance broking, there is an opportunity to increase the EBITA as a percentage of revenue from consolidating smaller broker fees and commissions to form larger broker units

Consolidated Operations Group
Finance and Leasing

Commercial equipment leasing
Overview

COG's Commercial Equipment Leasing division comprises TL Rentals, which provides equipment financing to non-prime commercial borrowers

Brand	— TL Rentals
Target segment	— Non-prime commercial equipment leasing
Equipment financed	— No industries or asset classes are specifically excluded
Amounts financed	— Up to $150,000 per client without requiring additional information / individual assessment — $49,000 average per lease as at 1H19
Current lease receivables	— $97m[1]

Structure of lease	— Finance lease from accounting perspective and operating lease for tax purposes
	— COG:
	  — retains full ownership of the leased equipment, including at the end of the lease
	  — is exposed to fluctuations in the value of the equipment
	  — is entitled to claim depreciation of the equipment as a tax deduction

Sources of revenue	— Net interest margin and fees — Secondary income (inertia rentals and asset sales at the end of the lease) – typically comprise 20%+ of economics
Interest rate charged	— Varies depending on the business, asset and amount financed — ~16% on average including fees but excluding secondary income — Implied cost of rental to lessee is ~20% including secondary income
Funding	— A number of diversified funding sources, albeit not committed funding lines — Average cost of funds of ~10%
Term of leases	— Majority of leases are for 3-5 year terms — Prepayments permitted subject to fees / penalty payments
Credit assessment	— Credit assessment matrices depending on the amount financed — Applications outside the matrices are assessed on a case-by-case basis
Security	— COG retains ownership of the leased equipment — In some scenarios, personal guarantees and second mortgages are provided by the directors
Distribution	— Predominantly broker distributed

Notes: 1. Gross lease receivables – does not include residual value accruals or bad debt provisions.

Consolidated Operations Group
Finance and Leasing

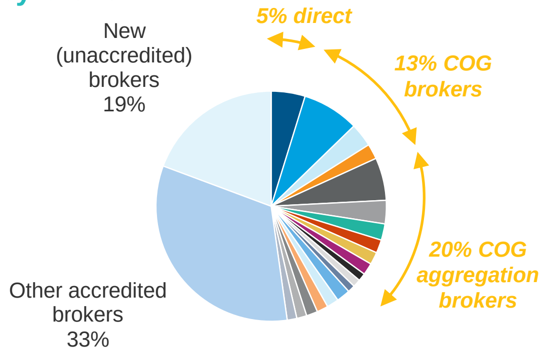
Commercial equipment leasing
Revenue model

COG earns revenue in the form of net interest income as well as inertia lease payments and sale of equipment above residual value at the end of the lease term

Key revenue and expense items by time of cashflow

	At start of term	*Throughout lease*	*At end of term*
Revenue	**Application / documentation fees** **Interim payments[1]**	**Lease payments**	**Inertia lease payments[2]** **Sale of equipment[3]**
Expenses	**Broker commission** **Other direct costs**	**Funding costs** **Employee and admin expenses**	**Costs of selling equipment**

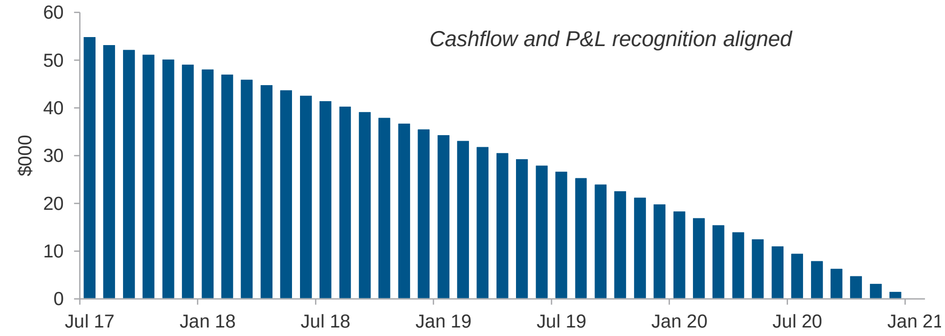
Distribution by broker[4]



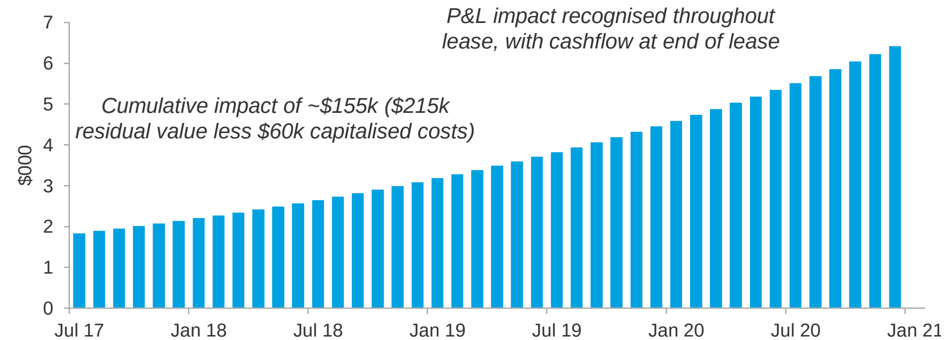
Illustrative example of leasing economics and impact on P&L

($1m OEC, 5.5% NIM, 42 month life, 21.5% residual value)

Net interest margin



Residual value income



Notes: 1. Interim payments are additional payments at the commencement of the lease term, so that the payment periods for the lease align with TL Rentals' standard payment periods. 2. Inertia refer to continued payments made by the lessee after the end of the lease to keep using the equipment. 3. At the lessee's election, the equipment may be purchased for the greater of 20% of the original equipment cost or the market value. Alternatively, TL Rentals may sell the equipment to a 3rd party. 4. Unaccredited brokers are those who have not signed an agreement with TL Rentals.

Consolidated Operations Group
Finance and Leasing

Commercial equipment leasing

Credit assessment process

TL Rentals is primarily a low doc lender with a matrix that determines potential borrowers' eligibility for loans and the applicable interest rate

Primary asset matrix

Maximum amount financed	— $75,000-$150,000
Base interest rate[1]	— 9.45%
Max broker commission[1]	— 8%
Assets considered	— Primary assets including commercial vehicles, cars, trucks & trailers, medical & dental equipment, luxury cars (at lender's discretion), earthmoving equipment, prime movers, material handling & access equipment, buses
Interest rate loading of 4%	— Sale and lease back transactions — Assets that would be 20+ years old at end of term
Fees	— Documentation fee: $450 — Sale and lease back fee: $595
Requirements	— 3+ years of trading history — Property owner — Directors' guarantees (secured) — Direct debit payments — Max of 2 paid defaults (not greater than $2,000) — Two satisfactory finance references — Max of 48 month term

Applications that do not fit within these matrices (typically applications for larger loans) require additional information such as financial statements and/or bank statements and are individually assessed. They become "full doc" applications where a serviceability test is conducted. A second mortgage security is commonly taken on larger full doc applications

Standard matrix

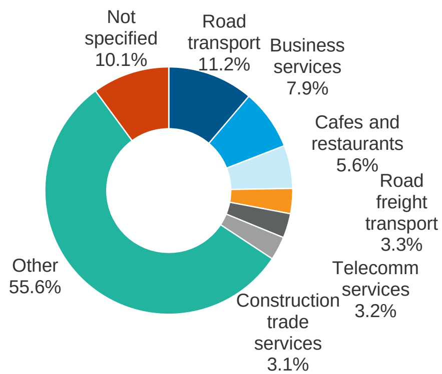
Maximum amount financed (property owner)	— $75,000 (2+ years of trading history)
Maximum amount financed (non property owner)	— $50,000 (2+ years of trading history) — $60,000 (3+ years of trading history) — $75,000 (5+ years of trading history)
Base interest rate[1]	— $5,001-$10,000: 13.95% — $10,001-$20,000: 11.95% — $20,001-$50,000: 10.45% — $50,001-$75,000: 9.95%
Max broker commission[1]	— $5,001-$10,000: 14% — $10,001-$20,000: 12% — $20,001-$50,000: 10% — $50,001-$75,000: 8%
Assets considered	— All commercial / business use assets
Interest rate loading of 4%	— Sale and lease back transactions — Assets that would be 20+ years old at end of term — Non-serialised assets and planes — Boats and highly customised assets
Fees	— Documentation fee: $350 — Sale and lease back fee: $595
Requirements	— Directors' guarantees — Direct debit payments — Max of 2 paid defaults (not greater than $2,000) — Two satisfactory finance references — Max of 48 month term

Notes: 1. For every 1% of broker commission over 4%, 0.5% is added to the base interest rate.

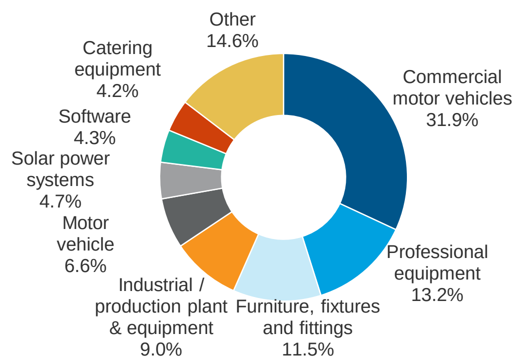
Commercial equipment leasing
Overview of loan book

TL Rentals' leasing business is diversified across low doc / full doc, industries, asset types and the state the client is in

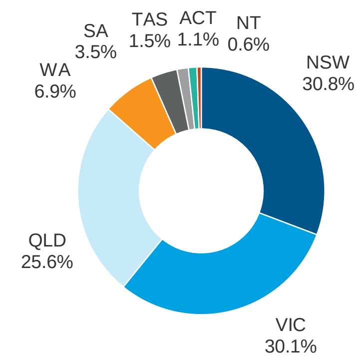
Industry by OEC – low doc



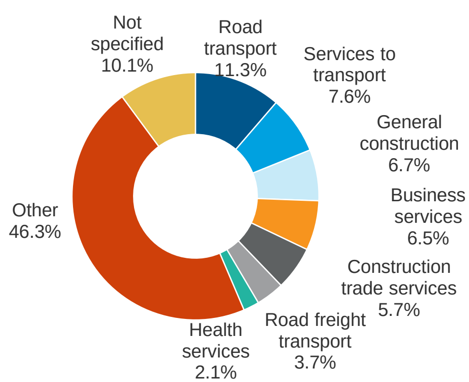
Asset type by OEC – low doc



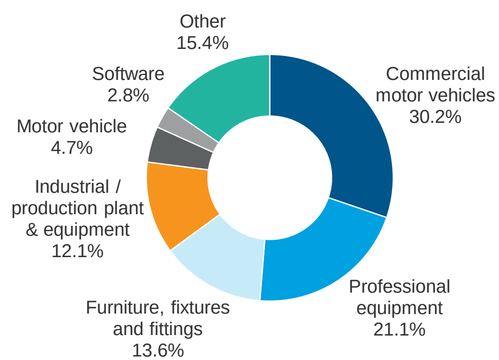
State by OEC – low doc



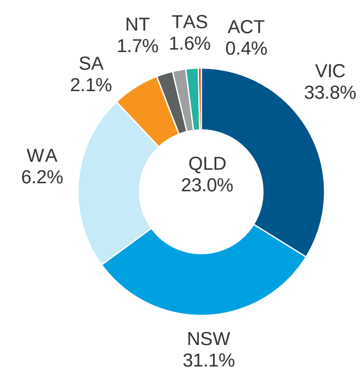
Industry by OEC – full doc



Asset type by OEC – full doc



State by OEC – full doc



Commercial equipment leasing
Funding arrangements

TL Rentals has diverse, albeit uncommitted, funding arrangements with a number of lenders as well as retaining some exposures on its balance sheet

Current funding sources

Higher → Credit quality → Lower

	New funder	Old Funder	Debenture	Westlawn Finance[1]	COG
Description	ASX-listed funder which has agreed to provide funding to COG, with a loss reserve providing credit enhancement	Sale of receivables facility to ASX-listed Group, supported by a loss reserve	Debenture program via subsidiary Secured Finance	Debenture issuer that funds the receivables through a sale of receivables facility guaranteed by COG	TL Rentals receives funds from COG as required
Takes credit risk?	No	Yes, subject to 2% loss reserve provided by COG	No	No	N/A
Amount outstanding	$10m	$10m	$50m	$30m	$8m
Other comments	Expected to be utilised more in the coming periods	Unlikely that there will be significant origination volumes funded via this Group in the future. Too expensive	One large holder of the debentures provided $36m of the funding, with the balance provided by directors and friends of COG / TL Rentals. Expected to reduce given cost	As debentures are guaranteed by COG, the asset and liability remain on COG's balance sheet for accounting purposes	Funds used to effectively warehouse receivables until they can be funded by the Debenture program, or those that do not fit other funding

TL Rentals' average cost of funding is expected to fall (leading to an increase in NIM) given the lower cost funding available from the new funder and Westlawn vs debt from the old funder and the Debentures

COG has explored the possibility of obtaining warehouse funding. This is possible if TL Rentals' level of origination increased to a level that would make warehouse funding economic

Notes: 1. COG acquired a 33% interest in Westlawn in September 2018.

Consolidated Operations Group
Finance and Leasing

Overview of growth initiatives

With the first stage of its strategic priorities partially complete, COG's growth initiatives include further broker bolt-on acquisitions and developing in-house products

Further acquisition of brokers

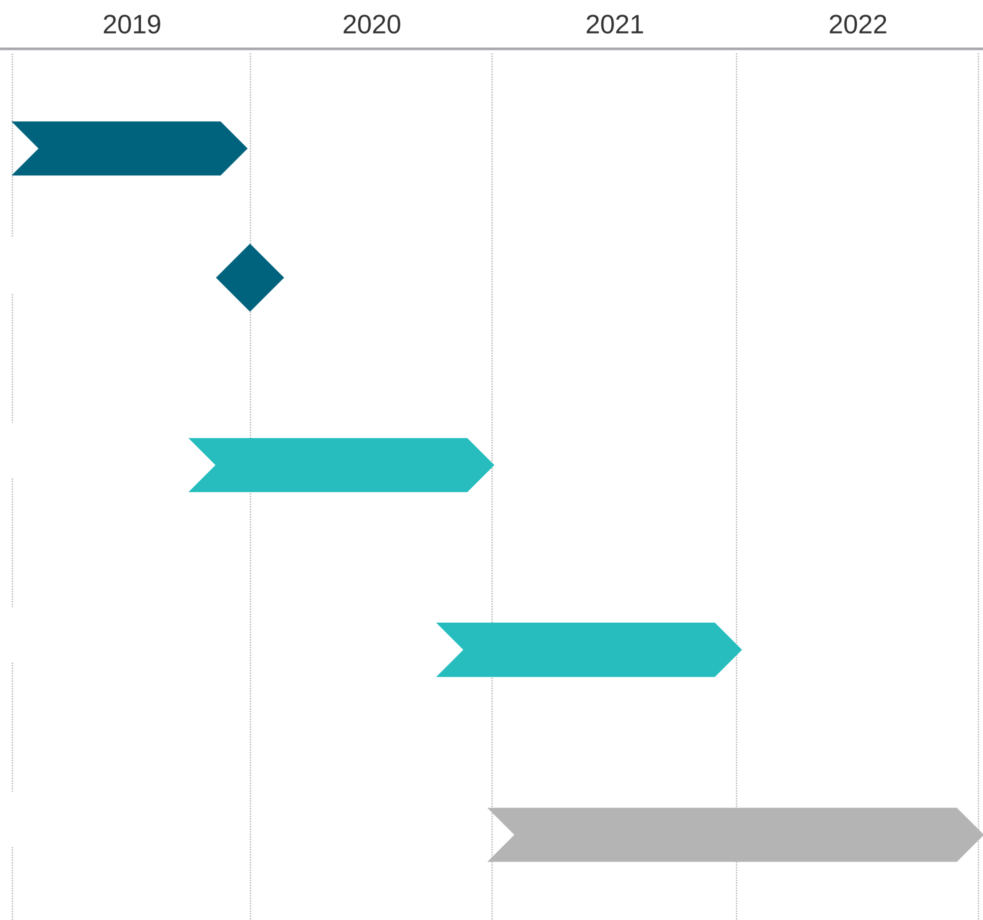
- Over the last 3.5 years, COG has directly and indirectly acquired 15 broking and aggregation businesses
- Acquisitions have been a key part of COG's strategy and accelerated the growth of its distribution network
- As part of its capital management plan, COG announced at its 1H19 results that it had completed deployment of surplus funds to establish the largest SME finance broker network in the market
  - COG announced that its strategic focus and capital will be turning to establishing in-house product manufacturing capabilities (see right)
- In the event that COG has access to additional capital, it would continue to execute its inorganic growth strategy and acquire quality brokers with management teams who are dedicated to the business
- Pricing for acquisitions have historically been 4x – 8x maintainable EBITDA. Additional quality acquisition opportunities are available in the market at the lower end of that price range

Increasing manufacturing of lending products

- COG brokers distribute $4bn of NAF per year, which is approximately 17% market share of broker-distributed asset finance, and are targeting an increase to $5bn in the near term
- Vast majority of lending products distributed are provided by a 3rd party, where the manufacturer pays a commission to the broker
  - There is an opportunity for COG to capture the product manufacturing / lending margin with new prime lending products
  - COG estimates that 20% of NAF distributed through COG brokers could be COG prime lending products within 4 years
- The new products are different from TL Rentals leases as TL Rentals products are primarily low doc leases to non-prime borrowers
- In addition to product design and building out internal capabilities, COG requires capital to commence its lending activities

Timing of product manufacturing

Following the launch of the prime lending product in January 2020, COG intends to extend its product suite to include other key SME lending products



Preparation for prime equipment lending product

Launch prime equipment lending product

- ***Preparation for prime product well progressed***
- ***Natural synergy with COG owned and aggregator brokers, who primarily distribute prime products***
- ***Financial impacts included in forecasts***

Estimated timing for mid-prime equipment lending product

Estimated timing for unsecured SME lending product

- ***Natural extension of initial product suite***
- ***Not included in financial forecasts***

Estimated timing for invoice discounting product

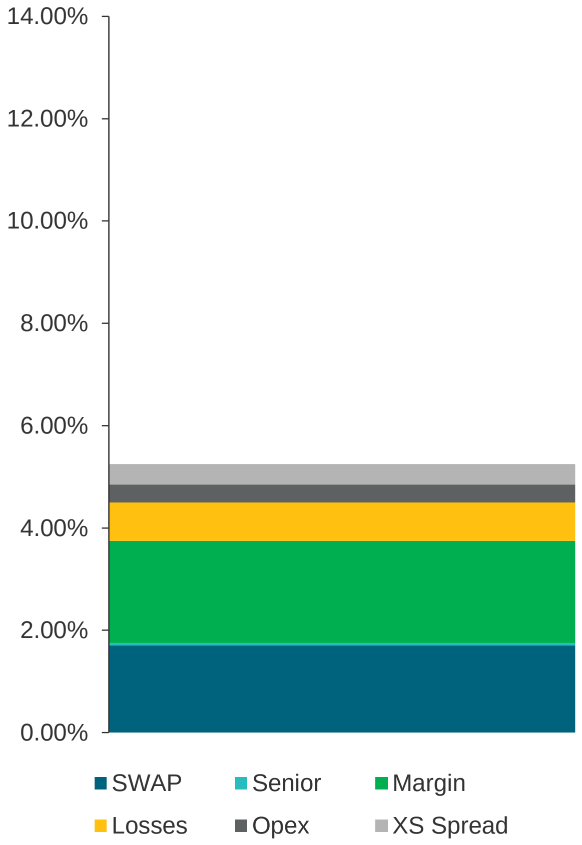
- ***Investment in different systems required***

Consolidated Operations Group
Finance and Leasing

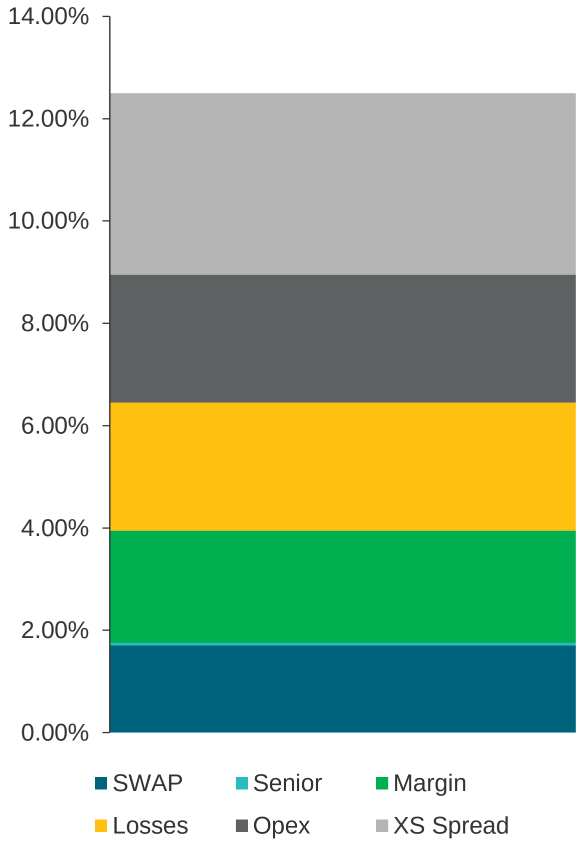
New products – prime vs mid-prime

COG estimates that mid-prime products have a higher ROE than prime products, driven by a higher yield and excess spread, partially offset by higher losses and opex

Prime: illustrative spread breakdown



Mid-prime: illustrative spread breakdown



Prime vs mid-prime

	Prime	Mid-prime
Originations	Higher	Lower
Losses	Lower	Higher
Funding cost	Similar	Similar
COG equity / credit enhancement	Lower	Higher
Excess spread	Lower	Higher
Yield	Lower	Higher
Estimated pre-tax ROE	~25%	~50%

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Finance and Leasing