

20 December 2019

Lodged via ASX Online

The Manager
Company Announcements Office
ASX Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

YBR EXECUTIVE CHAIRMAN CONSULTANCY DEED

Yellow Brick Road Holdings Limited (ASX: YBR) ("**YBR**" or the "**Company**") is pleased to announce that its Executive Chairman, Mark Bouris, and Golden Wealth Holdings Pty Limited ("**GWH**"), a company controlled by Mark Bouris, has today entered into a new consultancy deed with the Company ("**Consultancy Deed**") under which GWH agrees to (i) provide the executive services of Mark Bouris as executive chairman and managing director of the Company and (ii) procure an entity associated with Mark Bouris (The Mentor Platform Pty Limited ("**Mentor Platform**")) to provide the Company with advertising on various social media platforms and podcasts which are owned and operated by Mentor Platform.

In approving the terms of the Consultancy Deed, the independent director/members of YBR and its Audit & Risk Committee (the "**Independents**") engaged the services of independent remuneration experts, Egan Associates Pty Limited, who have concluded that the terms of the Consultancy Deed constitutes reasonable remuneration for the purposes of the related party transaction provisions in Chapter 2E of the Corporations Act.

The Independents believe the Consultancy Deed provides the Company with certainty for at least the next 2 years by securing the executive services of Mark Bouris to help the Company in facing the uncertainty arising out of the findings of the Banking Royal Commission and the Federal Government's responses to those findings, and in driving the expected launch of the Company's residential mortgage securitisation joint venture with Magnetar. The Independents note the experience of Mark Bouris with implementing securitisation programmes in running the Wizard Home Loans business that Mr Bouris successfully founded in the 1990's and sold to the GE Group in 2004.

The Independents also believe the social media platforms owned by Mentor Platform (the Mentor pages on LinkedIn, Instagram and Facebook and "The Mentor" podcast) and the brand value in the image of Mark Bouris associated with those social media platforms, represents a potentially significant opportunity to enhance the YBR residential mortgage business, in particular those social media platforms have the potential to provide an effective medium to advertise YBR's lending products and services.

The independent directors note that the development costs of the social media platforms have been entirely funded by Mentor Platform. At present, YBR has no right to use the platforms, as they are currently used solely by Mentor Platform in carrying on its own business.

The Independents note that the ability to be able to use such a recognisable image as the image of Mark Bouris (which is already so closely associated with the YBR brand) and the ability to be able to use such highly developed media platforms as has been developed by Mentor Platform to help promote YBR's lending business is not something any other potential candidate for the managing director/chairman role of YBR would be able to offer.

The material terms of the Consultancy Deed are:

- (i) Term: Either party may terminate at any time without cause by 12 months' written notice provided no such notice may be given before 20 December 2021.

- (ii) Base Salary: The annual remuneration of the Executive Chairman will be an annual fee of \$1,125,000 plus GST payable to GWH, subject to an annual claw back of up to \$225,000 in the event of annual business plans and targets to be set by YBR's board of directors not being met.
- (iii) Non-Compete Restriction: A 12 month non-compete restriction shall apply against Mr Bouris following termination of the Deed.
- (iv) GWH has agreed to procure that Mentor Platform licences to YBR the use of its social media platforms (LinkedIn, Instagram and Facebook) and allows YBR to advertise on its podcast "The Mentor", in each case for no licence fee, during the term of the Consultancy Deed. The licence allows YBR to use the platforms and podcast to advertise and otherwise promote its mortgage, corporate and personal lending products and services businesses – however, Mentor Platform must continue to fund the upkeep, hosting and ongoing development of these platforms without reimbursement from YBR. Also, under the licence YBR is given exclusive rights to use the platforms for the term of the consultancy, such exclusivity only applying to the promotion of YBR's current and future mortgage, corporate and personal lending products and services businesses.
- (v) Mr Bouris has waived any form of bonus or long term incentive for at least the first 2 years of the term of the Consultancy Deed. However, the parties agree to commence negotiating a suitable long term incentive plan as from 20 December 2021.

For and on behalf of

YELLOW BRICK ROAD HOLDINGS LIMITED



Sean Preece
Company Secretary