

McGrath Expands Oxygen Home Loans business

6 April 2021 - McGrath Limited (ASX: MEA) today announced it has entered into a transaction that will deliver enhanced scale and optimisation of its Oxygen home loan business ("Oxygen").

Oxygen has raised additional investment capital into the business through a \$2.5 million cash injection, providing a 55% controlling interest in Oxygen to a financial services and technology investor consortium, Oxygen Investment Corporation Pty Limited headed by Doc Klotz, Ben Taylor and Sturt Capital Partners (the "Consortium"). The new funding will be utilised to grow resources, accelerate digitisation and add complementary fintech products to create a broader product offering for Oxygen.

The transaction entails:

- Capital injection into Oxygen of \$2.5 million cash, with MEA reducing its interest in Oxygen to a 45% shareholding through the capital injection into Oxygen and a cash payment to MEA in three years of \$1.8 million
- MEA referral agreement with Oxygen
- MEA will retain one of three Board seats in Oxygen

The transaction aligns with MEA's strategy as it:

- Leverages Oxygen's digital expertise to unlock value for MEA
- Provides a compelling opportunity to enhance MEA's existing mortgage broking business to complement its sales and property management businesses
- Allows MEA to access a wider range of financial products for MEA's client base.

The Oxygen mortgage business was started by McGrath in 2003 as a mortgage broking service offering to its clients and currently operates with 26 independent brokers and as at 31 December 2020 had a loan book of around \$3.2 billion with annual settlements of around \$700 million.

Mr Eddie Law, McGrath CEO said, "We are excited to be partnering with the Consortium, to unlock the significant potential the merged business will deliver across our platform. Following the investment, Oxygen will be in a position to provide its mortgage brokers with an enhanced customer centric proposition and simplified process and an enhanced service proposition that will allow them to write more loans and make it easier for our sales agents to facilitate mortgage delivery to our buyers.

"There is no doubt that technology will play a key role in the future of mortgage broking and real estate sales and this transaction, along with the direct investment we are making in technology, sets McGrath up for continued growth. Importantly, a more simplified process of writing loans will make it easier for our sales agents to facilitate mortgage delivery to buyers," he concluded.

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Authorised for release by McGrath Board of Directors

For further information, please contact:

Investors

Eddie Law CEO
Howard Herman CFO
02 9386 3333

Media

Terri Sissian
0419 881 414

Tim Allerton
0412 715 707

About McGrath:

McGrath Limited (ASX: MEA) has grown to be an integrated real estate services business, offering agency sales, property management, residential project marketing, mortgage broking and career training services. McGrath Estate Agents currently has 102 offices located throughout the East Coast of Australia. For further information, please visit www.mcgrath.com.au.