

McGrath acquires stake in top performing franchisee

4 October 2022 - McGrath Limited (ASX:MEA) (**McGrath, Company or Group**) today is pleased to announce that it has acquired a 30% stake in its Central Coast franchisee, McGrath Central Coast, from principals Jaimie Woodcock and Mat Steinwede (**Acquisition**).

Key Commercial terms

- The acquisition price for the 30% stake is approximately \$7.0 million and is payable in cash (67%) and shares in McGrath (33%). The total consideration will be paid 60% at completion, 20% on the first anniversary and 20% on the second anniversary. The Company will issue 3,373,351 completion shares (**New Shares**) to Messers' Woodcock and Steinwede entities at an issue price of \$0.41 per share (calculated as the 90-day VWAP to 29 September 2022 to satisfy the equity component of the Acquisition (**Placement**)).
- The parties have agreed that the New Shares will be subject to voluntary escrow for a two-year period to 30 September 2024.
- The First- and Second-Year anniversary payments will be adjusted in proportion with the movements in Sales Business EBITDA for FY23 and FY24 respectively versus an agreed benchmark historical performance.

This transaction is expected to be EPS accretive in the first year post completion.

The Group's first office at Terrigal was the first McGrath franchisee office in 2005. The business, led by key principals, Jaimie Woodcock and Mat Steinwede, has since grown to six offices with approximately 1,300 properties under management, and a successful project marketing team. Several of the key agents and management team are also equity owners of the business and will continue in this capacity post transaction.

The McGrath Central Coast business has won numerous accolades throughout its history, including top honours at the McGrath Awards for Office of the Year. Mr Steinwede is considered one of Australia's leading residential sales agents and is a four-time winner of McGrath Agent of the Year, as well as ranking in the Real Estate Business Top 100 Agents in Australia over the last six consecutive years.

As announced on 22 August 2022 in the FY2022 Results Investor Presentation, McGrath will take advantage of key industry consolidation opportunities including through strategic partnerships. Specifically, it will assist in retaining key talent in a franchise business with a significant footprint. The NSW Central Coast region had an estimated gross sales value of more than \$9 billion in the 12 months to June 2022. Both principals will continue their roles of leading the business in the future.

Managing Director & Chief Executive Officer, John McGrath said, "This acquisition is in line with our strategy of investing in quality businesses and partners. I have known Jaimie and Matt for over 20 years and am pleased to say they are amongst the finest real estate professionals I have come across in my 40 years in real estate.

"They were our very first franchise partner, and I am very proud to have witnessed their outstanding success to date. However, we believe the best is yet to come as we look to expanding the Central Coast business into the Lake Macquarie and Hunter regions", he added.

Jaimie Woodcock said, "We are excited to be partnering with the McGrath Group in order to expedite our growth into the adjoining areas which are amongst the fastest growing communities in Australia. And I look forward to leading the charge."

Authorised for release by McGrath Board of Directors

For further information, please contact:

Investors

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, mortgage broking and career training services. McGrath Estate Agents currently has 111 offices located throughout the East Coast of Australia. For further information, please visit www.mcgrath.com.au.