

REAL ESTATE
FINANCE
SETTLEMENT
INSURANCE

ASX ANNOUNCEMENT
4 March 2020

INVESTOR PRESENTATION

The Agency Group Australia's (ASX:AU1) ("The Agency" or "the Company") is pleased to update the market with an investor presentation.

This announcement has been authorised by the Board.

Your faithfully,

Stuart Usher
Company Secretary

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The Agency Group
Australia Ltd

Investor Presentation - March 2020

ASX:AU1



Highlights for 6 Months to Dec 31st 2019

\$0.53m
EBITDA ⁽¹⁾

\$25.2m
Revenue
(\$50m Annualised)

4,678
PUM ⁽⁴⁾

\$24.9m
GCI ⁽²⁾
(\$50m Annualised)⁽³⁾

1,955
No. of New
Listings

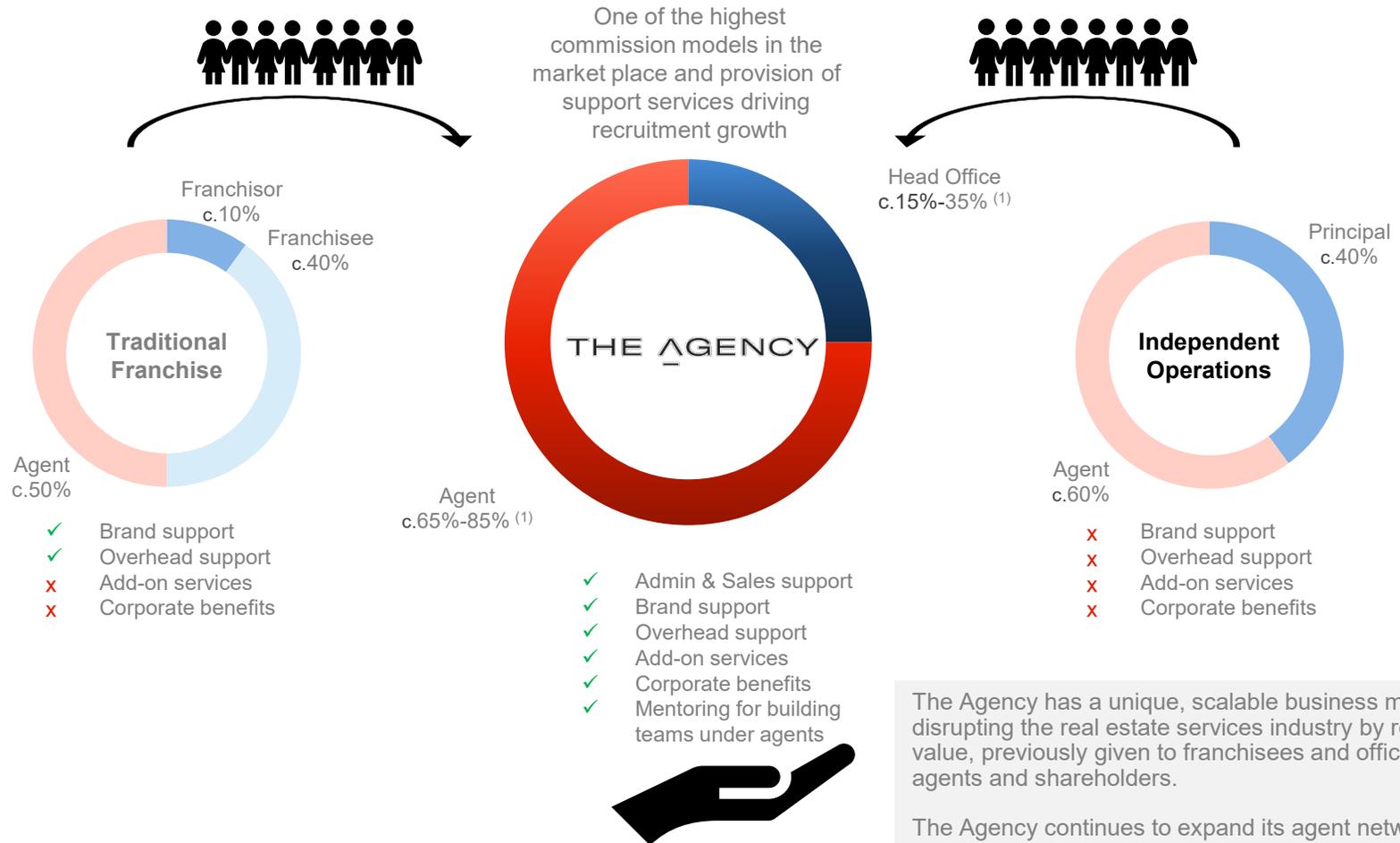
278
Agents
(The Agency 215, SLP 63)

\$1.5b
Value of
Exchanges

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 3 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 only Company to offer 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.

Our agents are our clients and are at the core of our 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 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.

What Differentiates us from our Competitors?

THE AGENCY

TRADITIONAL REAL ESTATE & FIN TECH

Corporate Differences

- ✓ Clear focus – the agent is our client and the core of the model
- ✓ Removed red tape and unnecessary franchise layers
- ✓ No franchise fees and marketing levies
- ✓ Agile and flexible workplace arrangements from central hubs
- ✓ Ability to create annuity streams through numerous verticals
- ✓ Owns extensive database and national network that continues to grow
- ✓ Platform to plug and play best technology
- ✓ Central control of tech provides greater efficiencies
- ✓ Proven Real Estate experience, leadership and strategic direction in all facets of the business
- ✓ Best support offering from listing to sales
- ✓ Complete service offering to clients (sales, mortgages, property management, finance and settlements)

- Unclear focus – franchisor / vendor
- Offices in every location competing against each other
- Excessive franchise fees and marketing levies
- Inflexible branding and marketing templates with little agility to adapt to specific market places
- No Distribution channels
- Number of unnecessary layers i.e.. Corporate, State, Franchisee, all taking a cut of the remuneration
- Essentially a Tech Service only
- Unaligned goals
- Limited company-owned assets i.e. rent roll and database
- Lack of control over technology leads to inefficiencies
- Require large marketing budgets
- Recruit anyone

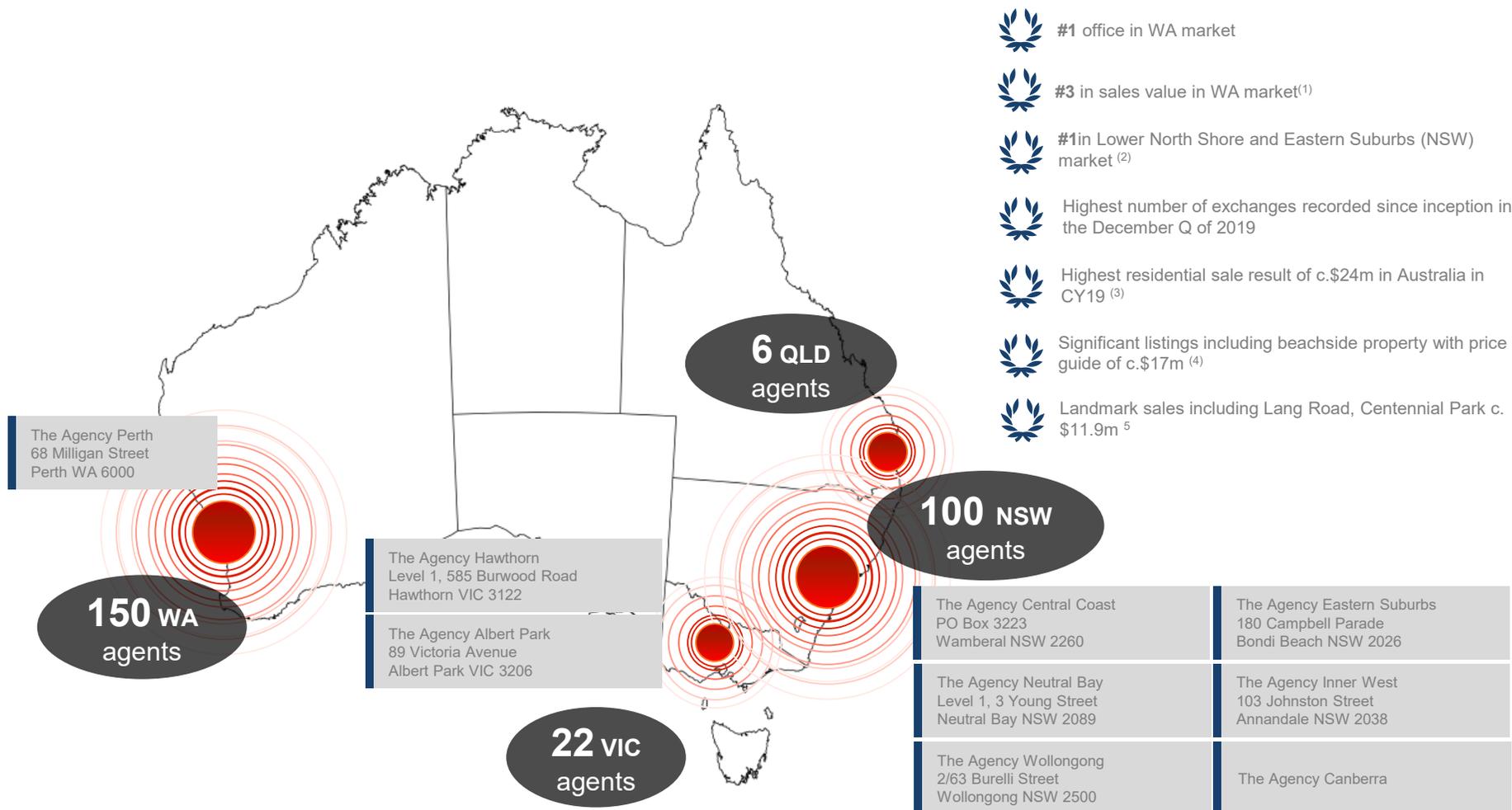
Agent Differences

- ✓ The best value proposition for agents in the market
- ✓ Industry best remuneration and incentive structure
- ✓ Ability to build your own business within a business
- ✓ Wealth creation by building an asset and additional revenue stream
- ✓ Attraction model for high performing sales agents
- ✓ Flexibility to operate from home or one of our “plug-in” office locations

- No wealth creation opportunities at an agent level
- Lower remuneration and no incentive structure
- Pay for your own support

Accelerating national presence

In over 3 years since listing on the ASX, the Company has established a national presence with 10 hubs 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



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) August 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⁾
- Conveyancing: settlement services
- Financial planning: provision of risk products and advice to clients undertaking new mortgages



High-Level Support

Superior support provided via:

- Agent's own admin team that assist throughout the whole process from listing to settlement
- Centralised office and hubs
- Cloud-based platform.

Instead, the traditional models burden agents with significant overhead costs and administrative costs which impacts on their profits.

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

215 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.



63 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.

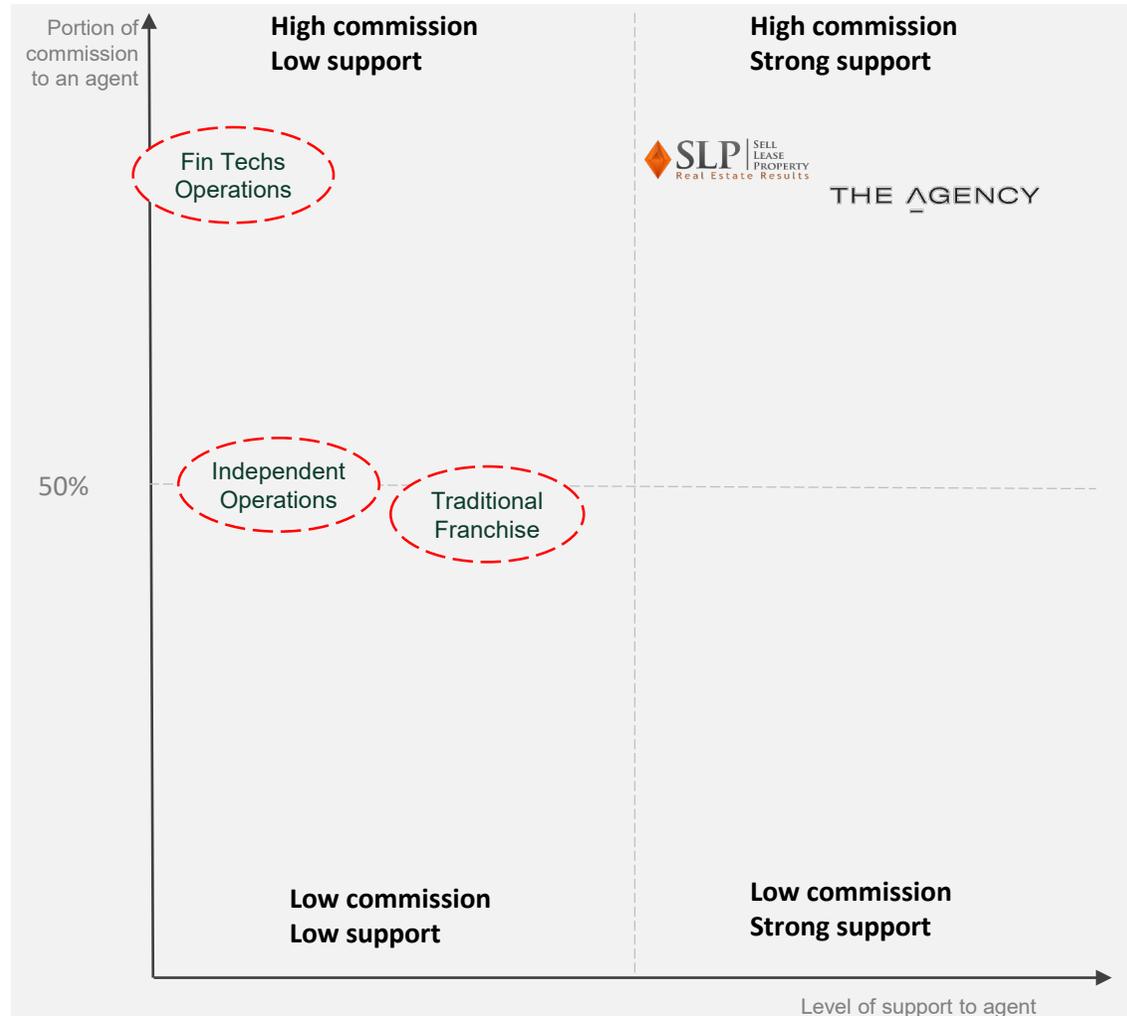
Property sales

Market position – The Best Value Proposition

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

- Franchised based brand networks create 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 and risk.
- 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 a better level of support than a traditional franchise
 - The SLP brand enables agents to operate an independent operation with a highly sophisticated cost efficient technology platform



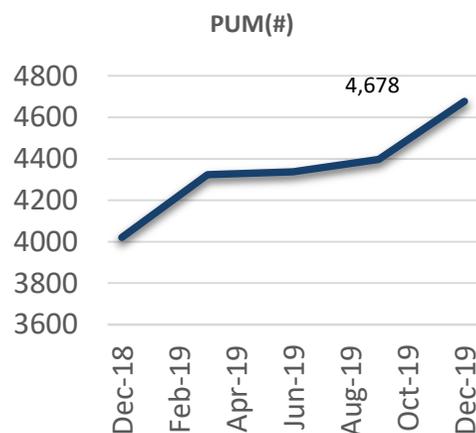
Key financial assets

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.

4,678 PUM
ANNUAL RECURRING
REVENUE OF \$6.9M ⁽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.

\$4.8M VALUE OF MORTGAGE BOOK ⁽⁴⁾
ANNUAL RECURRING REVENUE OF \$2M ⁽⁵⁾

As at 31 December 2019		WA	NSW	VIC	QLD	Total
PUM						
Number of properties	#	1122	3,437	89	30	4,678
Annualised rental income	\$m	19.96	117.76	3.27	0.96	141.95
<i>Rental income per property</i> ⁽²⁾	<i>\$'000</i>	19,344	36,847	41,376	34,154	32,745
Management fee	%	6.96%	4.56%	3.42%	5.50%	4.88%
Annualised management fee ⁽¹⁾	\$m	1.39	5.37	0.11	0.05	6.93
Value of Rent Roll ^(1,3)	\$m	4.9	18.8	0.39	0.18	24.24

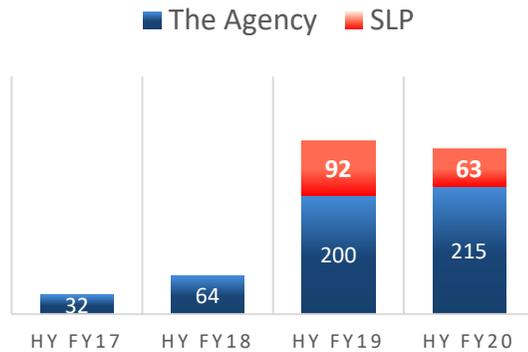
	Asset Value (\$m)
Rent Roll	24.24
Mortgage Book	4.8
Total	29
Loan facilities	12.09
Loan to Value (LVR) ratio ⁽⁶⁾	42%

Notes: (1) Calculated from Dec 2019 monthly management fee and excludes ancillary and other PM revenue. (2) Calculated on occupied properties under management of 4335 PuM. (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 Dec 2019 monthly trail income. (5) Calculated from Dec 2019 monthly trail income. (6) Excluding cash

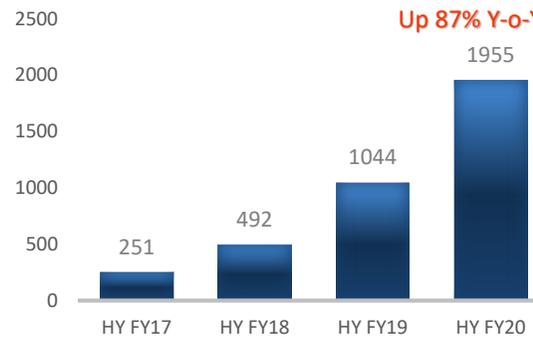
Operational metrics – Demonstrated strong growth

Despite the significant downturn experienced across the national property market over the past few years, The Agency experienced strong year-on-year growth across key operating metrics. This highlights that in tough markets, agents are drawn to our enhanced fee offering, reduced risk and the high level of support compared to high fees and costs associated with franchises or running a small business.

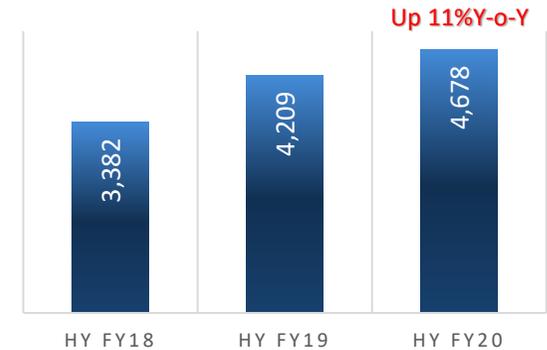
NUMBER OF AGENTS (#) ⁽¹⁾



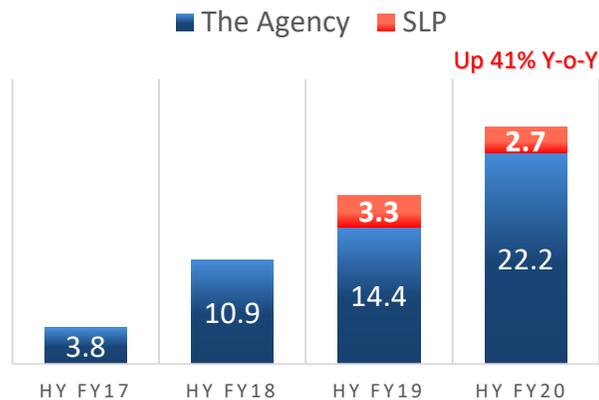
NUMBER OF NEW LISTINGS (#)



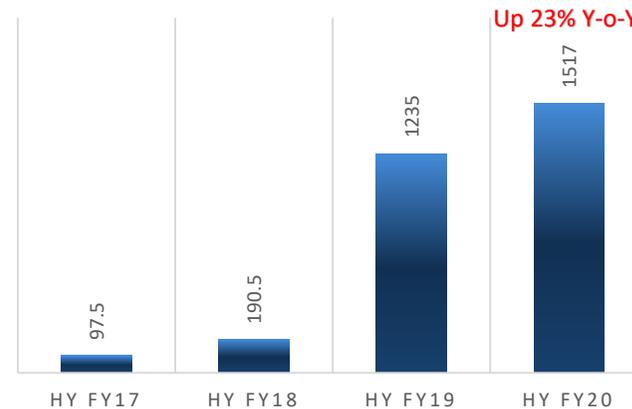
NUMBER OF PUM (#)



GCI (\$M)



VALUE OF EXCHANGES (\$M)



Notes: (1) Following Fair Work Australia's recent legislative changes the Company performed a strategic review of the SLP agent network.

Income Statement

\$m	HY2019	HY 2020 pre AASB16	HY 2020 post AASB16
Revenue	10.48	25.62	25.62
Operating costs	(12.03)	(25.09)	(24.14)
EBITDA	(1.55)	0.53	1.48
Depreciation & amortisation	(0.22)	(2.20)	(3.04)
Loss before interest	(1.77)	(1.67)	(1.56)
Interest	(0.34)	(0.85)	(1.05)
Net Loss Before Tax	(2.11)	(2.52)	(2.61)
Net Loss After Tax	(1.96)	(1.58)	(1.67)
Basic and diluted EPS	(5.37)		(0.80)

- EBITDA of \$1.58m for 1H20, after adoption of new reporting standard AASB16.
- EBITDA (excluding AASB16) of \$533k for 1H20, a significant improvement on previous corresponding period.
- Total revenue of \$25.62m – up 145% on previous corresponding period (\$10.48m: 1H2019).
- Loss after tax of \$1.67m for 1H20 – reduced from loss of \$1.96m in previous corresponding period.
- Continued growth in revenue and key metrics across the Company expected in the second-half FY20 on back of improving market conditions

Results include Rent Roll Amortization expenses of \$1.8m from rent roll acquisitions (as required under the accounting standards) - however the rent roll asset value has grown to \$24.2m in estimated market value – refer slide 9 notes.

- Pro-active cost reduction program has been implemented across the combined group during FY20 as part of the integration of The Agency's East Coast and West Coast operations.
- During the HY FY20, wage savings of approx. \$678,000 have been realised as a result of streamlining the business post-merger with Top Level Real Estate
- Cost reductions of \$2.5 million are expected to be delivered in FY20 with The Agency on target to meet these reductions.



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.



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.



Andrew Jensen
Chief Operating Officer

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.



Arjan van Ameyde
Chief Financial Officer

Arjan has over 25 years' experience in senior finance roles in listed companies and SME. He has previously founded short-term lending and insurance businesses and established the treasury for a listed multinational group. Most recently he was Chief Operating Officer/Chief Financial Officer (Australia and UK) of ASX listed Ensurance Limited (ASX: ENA).

Board of directors



Paul Niardone
Managing Director



Matt Lahood
Chief Executive Officer – Real Estate



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.



Mitchell Atkins
Non-Executive Director

Mitchell is Founder and CEO of Magnolia Capital Group, a diversified group with direct investments in fitness, property, financial services and advisory businesses. Magnolia Capital Group has recently transacted over A\$200m across a diverse range of development, debt and equity opportunities around Australia.



Andrew Jensen
Interim Executive Chairman

