

ASX Release  
2 August 2021

## WEBINAR PRESENTATION

The Agency Group Australia (**ASX:AU1**) (“**The Agency**” or “**the Company**”) is pleased to provide the investor webinar presentation relating to its recent June quarterly financial results ahead of the webinar today.

Details of the webinar are:

Date: Monday, 2 August 2021  
Time: Time: 12pm (AEST)/ 10am AWST  
Duration: ~45m

To access further details of the event and to register at no cost, please follow the below link:

[https://us02web.zoom.us/webinar/register/WN\\_WZ\\_RLh9RSPmgoMbQiNThUQ](https://us02web.zoom.us/webinar/register/WN_WZ_RLh9RSPmgoMbQiNThUQ)

ENDS

***Announcement authorised for release by Paul Niardone, Managing Director, The Agency Group Australia Limited.***

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THE AGENCY  
— GROUP AUST LTD



INVESTOR PRESENTATION

August 2021

ASX:AU1

*Direct exposure to national property  
market with a re-set Balance Sheet and  
a Team to deliver growth*

# DISCLAIMER



## **NOT AN OFFER**

This presentation is for information purposes only. This presentation does not comprise a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with the Australian Securities and Investments Commission) or any other law.

## **SUMMARY INFORMATION**

This presentation does not purport to be all inclusive or to contain all information about the Company or any of the assets, current or future, of the Company. This presentation contains summary information about the Company and its activities which is current as at the date of this presentation. The information in this presentation is of a general nature and does not purport to contain all the information which a prospective investor may require in evaluating a possible investment in the Company.

The Company does not undertake to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

## **FORWARD LOOKING STATEMENTS**

Certain statements contained in this presentation, including information as to the future financial or operating performance of the Company and its projects, are forward looking statements. Such forward looking statements:

- are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;

- involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward looking statements; and
- may include, among other things, statements regarding estimates and assumptions in respect of prices, costs, results and capital expenditure, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions.

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The words “believe”, “expect”, “anticipate”, “indicate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward looking statements.

All forward looking statements contained in this Presentation are qualified by the foregoing cautionary statements. Recipients are cautioned that forward looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.



# A scalable, vertically-integrated real estate services company

Providing investors direct exposure to the growing \$8.6T residential Australian property market<sup>1</sup>

## Real estate services

- ✓ One of Australia's largest vertically-integrated real estate services companies
- ✓ Continued agent recruitment growth in existing / new market sectors across two brands: The Agency + SLP

## Unique business model

- ✓ **Our agents are our clients** and are at the core of our business model
- ✓ Attracts **high performing real estate agents** by offering **higher commissions and support** than traditional franchises & independent models

## Achieved scale

- ✓ Substantial growth since 2017 & achieved a profitable scale:
  - Maiden full-year EBITDA of \$0.7M in FY2020 (pre AASB16)
  - Current Full year EBITDA (pre AASB16) expected to exceed \$4m (unaudited)

## Stabilised balance sheet

- ✓ Long-term ~\$8M funding package strengthens financial position & balance sheet
- ✓ Assets (rent roll, mortgage book etc) valued at more than \$25M

## External validation

- ✓ **Group CEO Geoff Lucas joins mgmt. team** - one of the most highly regarded executive teams in the Australian property industry
- ✓ Supportive shareholder **Peters Investments converts \$3M in Convertible Notes** to emerge a 30.2% shareholder

## Vertical integration

- ✓ Multiple **cross-selling opportunities** with a suite of real estate services including property sales, property management, mortgage financing and conveyancing (settlement)

## Macroeconomic tailwinds

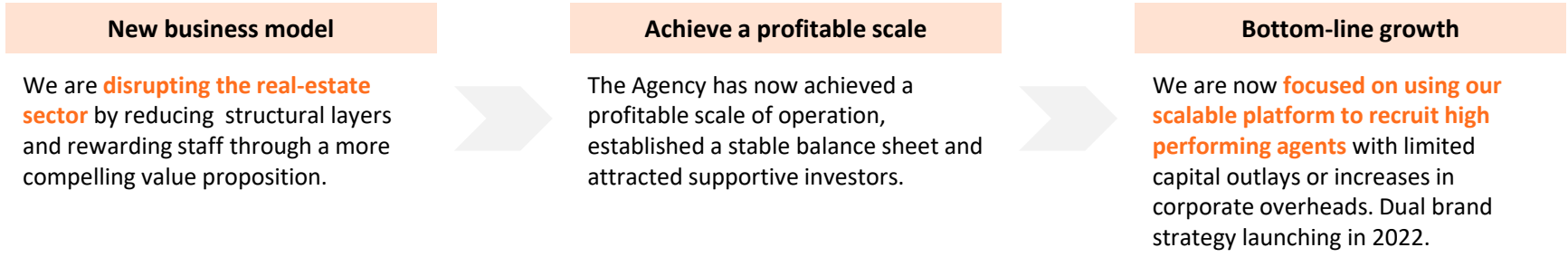
- ✓ Continued strong outlook with low interest rates & low unemployment

## Scalable footprint

- ✓ We are now **focused on using our scalable platform to recruit high performing agents** with limited capital outlays or increases in corporate overheads.
- ✓ Dual brands



# Built for scale with ability to materially grow agent numbers with limited capex or increase in corporate overheads





# The Agency is a full-service, vertically-integrated real estate services company

## Property sales



Real estate agents conduct property sales on behalf of property vendors, charging a commission of 1.6% to 2.0% on the property value.

Our unique business model has an attractive value proposition for agents driving growth for the company and value for the customers and agents.

Disrupting the Australian real estate brokerage market with 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



Property managers manage residential and commercial properties on behalf of property owners, charging a management fee of 6.0% to 10.0% on the rental income.

We operate a unique agent incentive model that encourages agent performance and generates a stable, annuity-style income for the company.

The Agency Group's property management division operates under The Agency brand.

**THE AGENCY**

Property Management

## Commercial Sales & Leasing



The Agency has launched a new commercial division, headed by former Ray White executive Mark Williams, which it intends to grow in-line with demand it is experiencing on the east coast of Australia.

## Ancillary services



The Agency has several cross-selling opportunities with the provision of ancillary property services including:

- **Mortgage Financing**  
Mortgage financing services
- **Conveyancing**  
Settlement services

## High-level support



Superior support provided via:

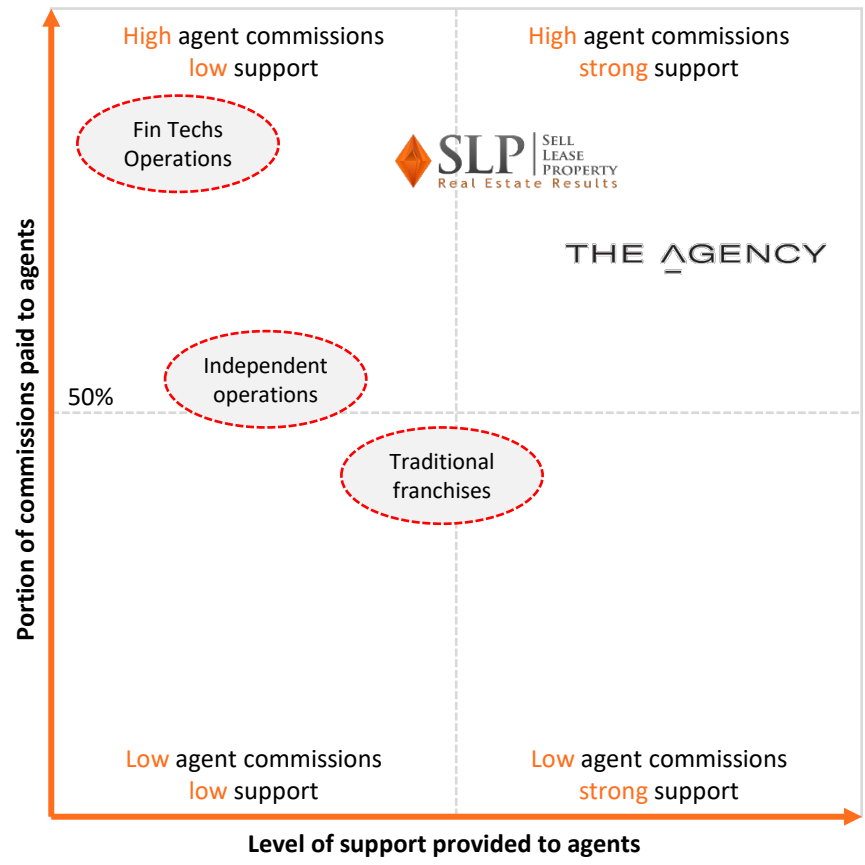
- Agent's own admin team that assist throughout the whole process from listing to settlement
- Centralised office and hubs
- Marketing support (traditional and social)
- Industry leading training
- Cloud-based platform

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



# The dual offering of a premium brand and a value brand enables us to attract sales agents across the spectrum of potential requirements and needs

## Market positioning



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.

THE AGENCY **265 agents\***

PHYSICAL PRESENCE | NATIONAL PORTFOLIO OF OFFICES

The Agency is a **premium brand with a full service offering** that provides agents with a progressive commission structure.

SLP | SELL LEASE PROPERTY Real Estate Results **43 agents\***

VIRTUAL PRESENCE | PREDOMINANTLY ACROSS WA & QLD

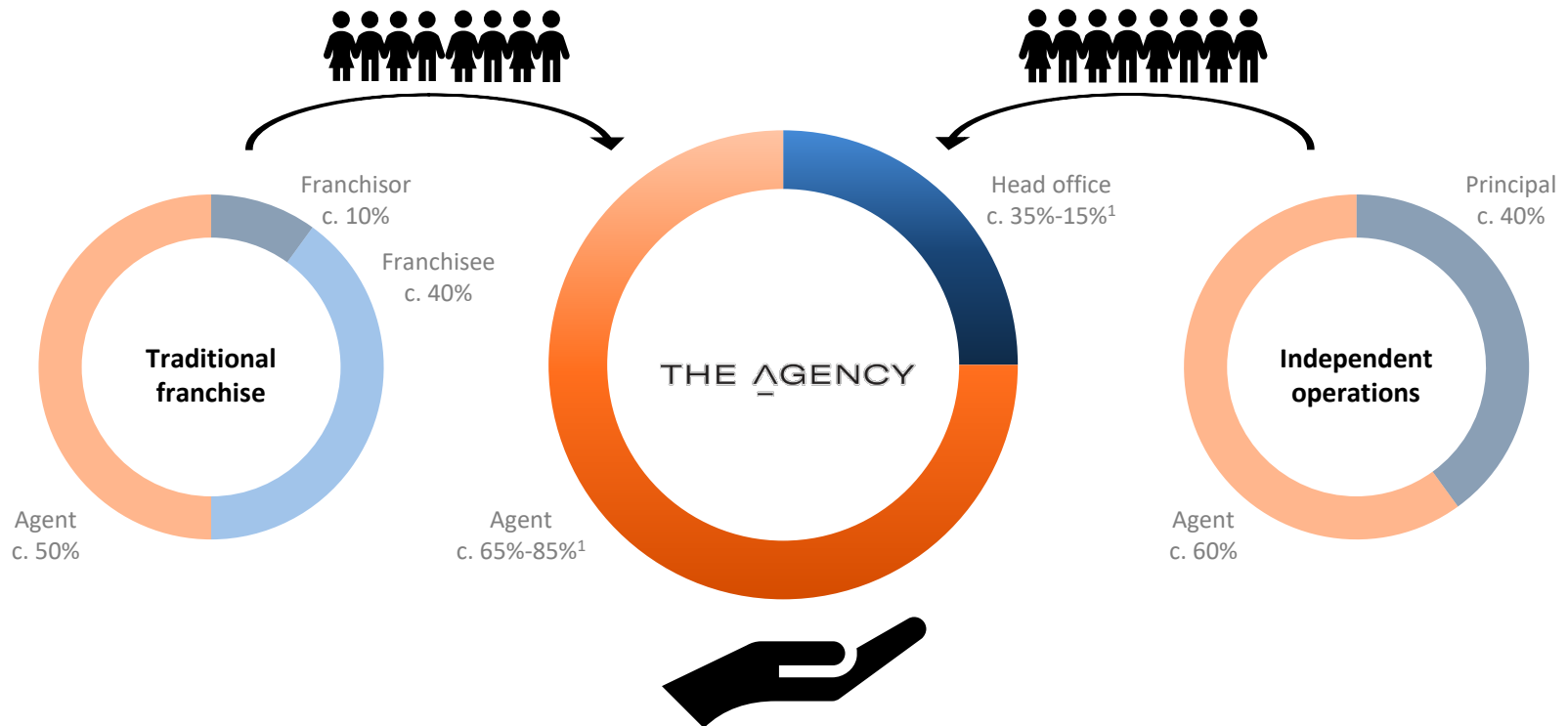
SLP is a **value brand with a SaaS offering**, boasting unique technology that supports the entire administrative process for real estate transactions. **Launching nationally in 2022**

\*As at 30<sup>th</sup> June 2021



Our agents are **our clients** and are at the **core of our business model**

**Able to attract leading agents, without compromising on margin.  
Attractive business model with agent first culture providing high levels of support services**



Note 1: Commission structure is tailored dependent on brand (The Agency or SLP) and agent performance.





# Our business model attracts high performing real estate agents by offering higher commissions and support than traditional & independent models

	Traditional franchise			THE AGENCY		SLP <small>SELL LEASE PROPERTY</small> Real Estate Results		Independent operations	
	Franchisor	Franchisee	Agent	Head office	Agent	Head office	Agent	Principal	Agent
<b>Revenue</b>									
Commission	~10%	~40%	~50%	~25%	~75%	~15%	~85%	~40%	~60%
Property mgmt.	✗	100%	✗	✓	Value option	✓	Value option	100%	✗
Mortgage	Upfront & trail	✗	✗	Upfront & trail	Trail	Upfront & trail	Trail	✓	✗
<b>Expenses</b>	<ul style="list-style-type: none"> <li>Costs borne by franchisee</li> <li>Legal &amp; Compliance liability</li> <li>Financial liability</li> </ul>			<ul style="list-style-type: none"> <li>Costs borne by head office</li> <li>Agent has an optional desk fee of \$6,000 p.a.</li> <li>No Legal or Financial liability</li> </ul>		<ul style="list-style-type: none"> <li>Costs borne by head office</li> <li>Agent has \$10,000 p.a. member fee, \$250 transaction fee, and IT platform fee of \$720 p.a.</li> <li>No Legal or Financial liability</li> </ul>		<ul style="list-style-type: none"> <li>Costs borne by agent</li> <li>Legal &amp; Compliance liability</li> <li>Financial liability</li> </ul>	
<b>Other</b>				<ul style="list-style-type: none"> <li>Provides levels of support: coaching / training / leadership</li> </ul>				<ul style="list-style-type: none"> <li>Business owner distractions</li> </ul>	
<b>Levels of support</b>									
Brand support	✓	✓	✓	✓	✓	✓	✓	✗	✗
Overhead support	✗	✓	✓	✗	✓	✗	✓	✗	✗
Add-on services	✗	✓	✗	✓	✓	✓	✓	✗	✗
Corporate benefits	✗	✗	✗	✓	✓	✓	✓	✗	✗



# FY2021: Key Takeaways



**EBITDA<sup>1</sup> expected to exceed \$4M**

(FY20:\$0.7M)

**\$80.7M**

GCI  
(FY20: \$47.9M)

**\$60.1M**

Revenues from Ordinary Activities  
(FY20: \$41.9M)

**4,964**

No. of Exchanges  
(FY20: 3,147)

**\$4.84Bn**

Gross Value of Exchanges  
(FY20: \$2.94Bn)

**>\$25M**

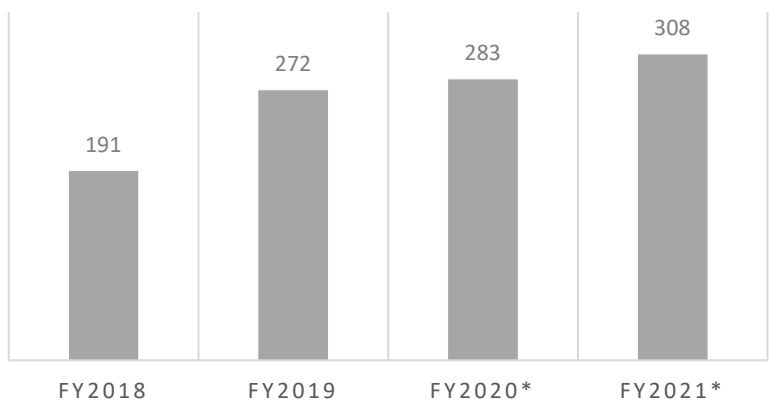
Rent Roll & Mortgage Book<sup>2</sup>

1. EBITDA is unaudited and provided on a pre-adoption of AASB16 (but includes government incentives)  
2. The Agency's East Coast rent roll was valued at in excess of \$23 million by JemmesonFisher in Sep'20

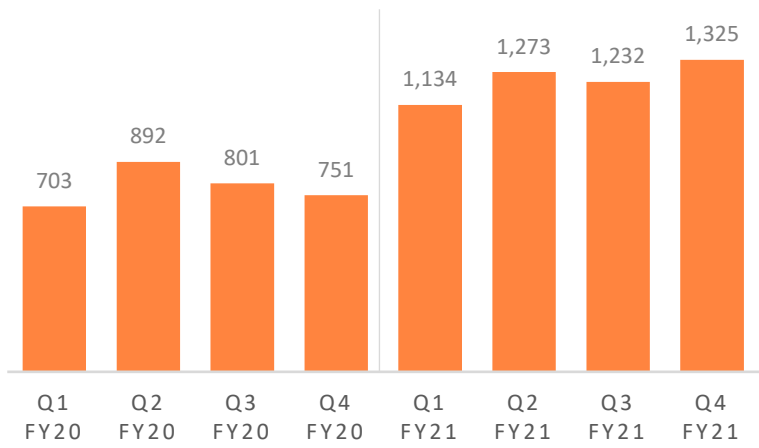


Now that our business model has **achieved a profitable scale**, focus will shift to **quality agent recruitment for driving growth**

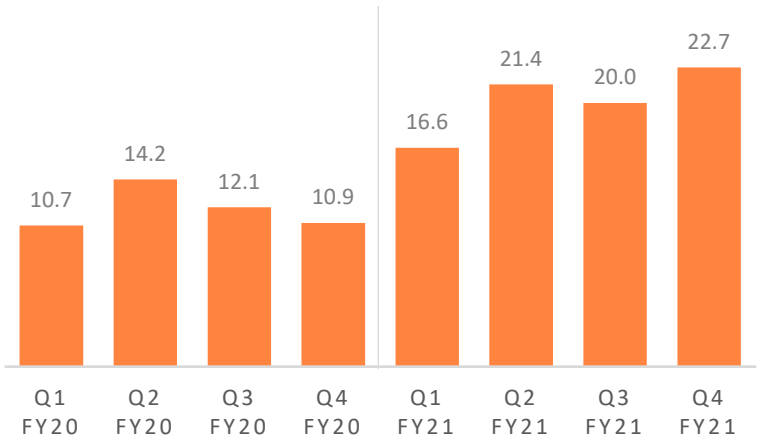
Agents



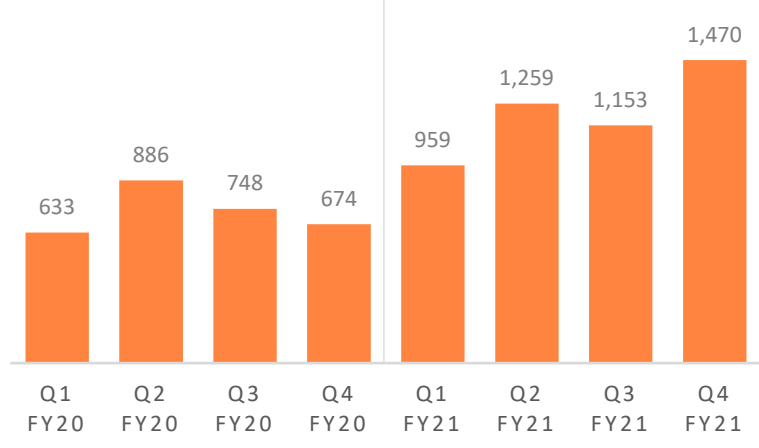
Sales



Gross commission income (\$ million)



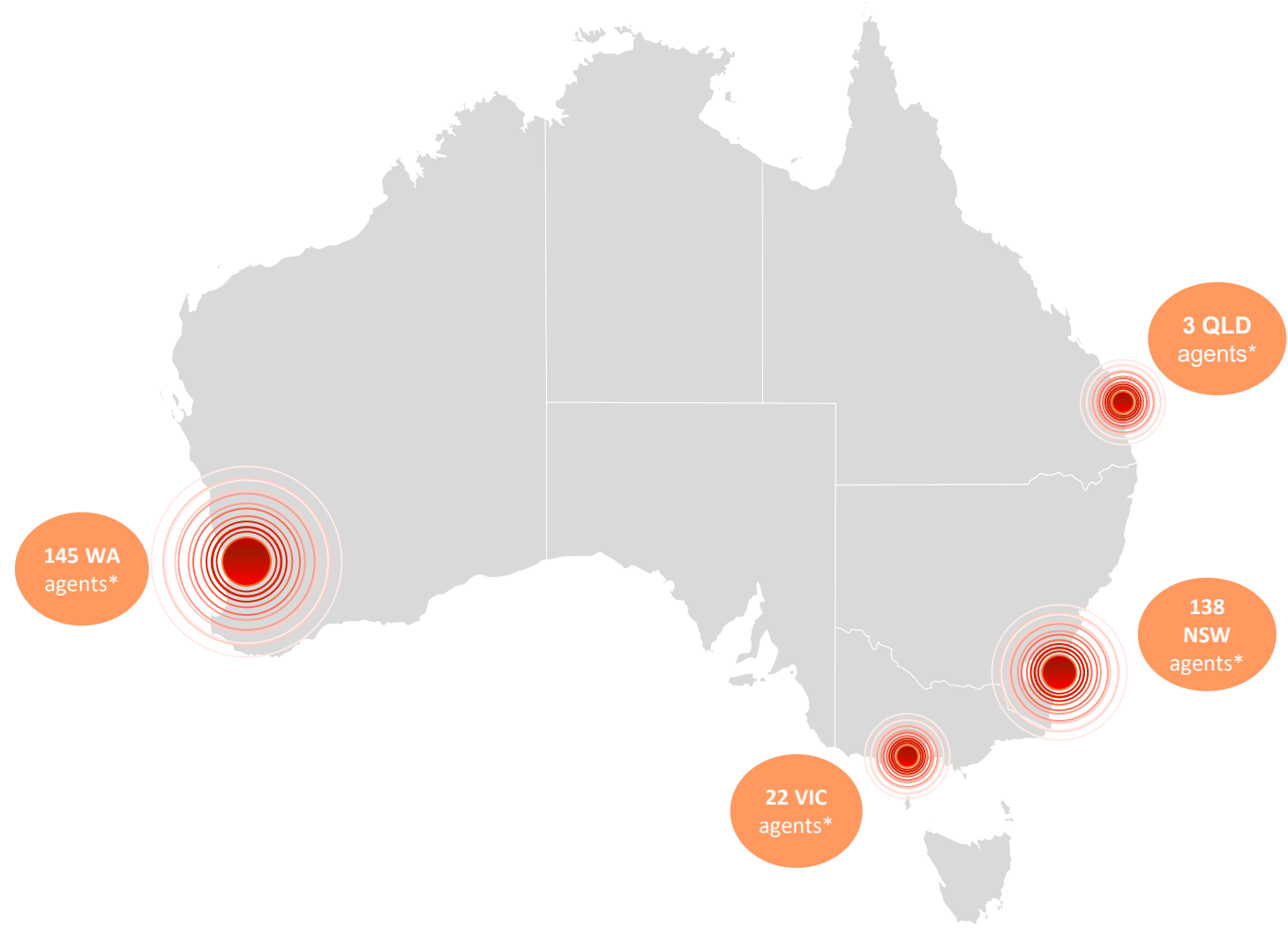
Gross value of sales (\$ million)



\* COVID + JobKeeper slowed movement of agents, as overall industry agent numbers also reduced



# A national footprint in key markets ready to scale

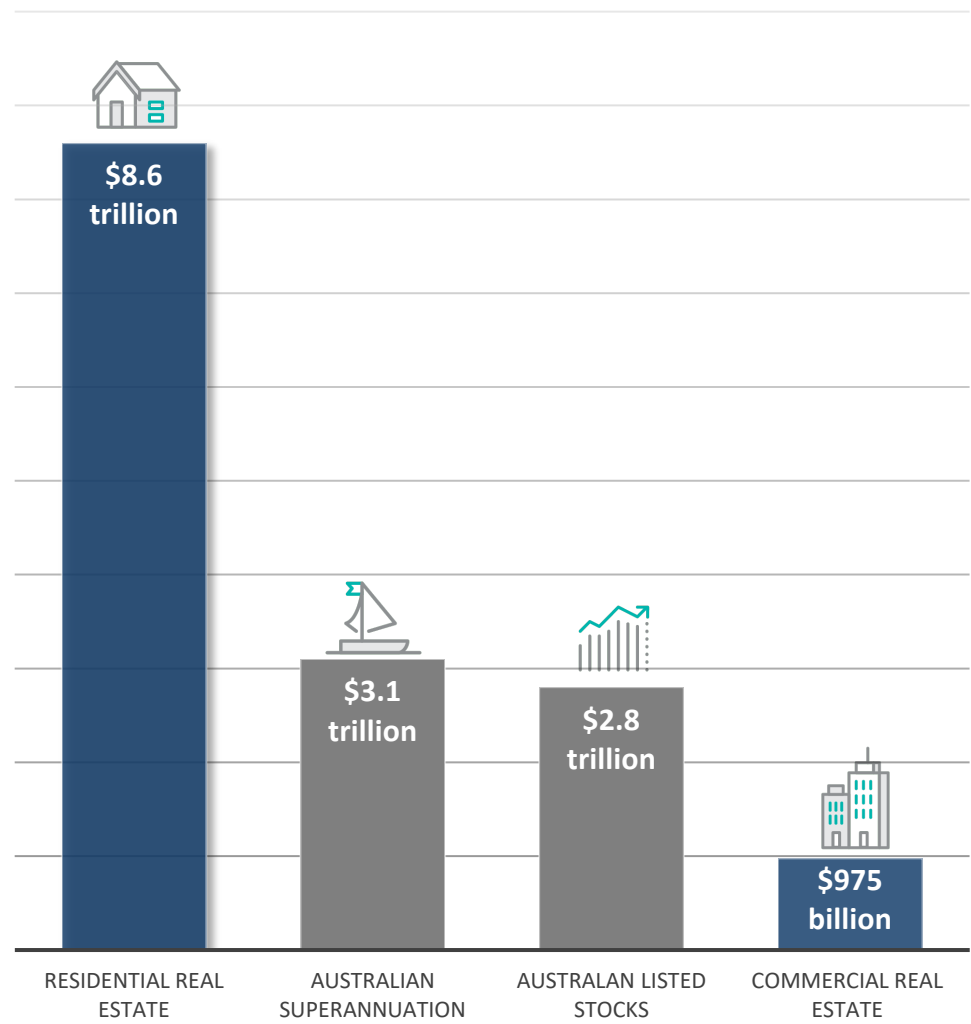


\* As at 30 June 21

**Note 1:** Based on value of listings sold in September 2019. **Note 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). **Note 3:** 20B Tivoli Avenue, Rose Bay, Sydney. Sold by Ben Collier. **Note 4:** 125 year old heritage-listed home, "Le Fanu", Cottesloe, Perth. On market by Pamela Wilkinson. **Note 5:** August 2019.



# Real Estate **underpins** Australia's wealth

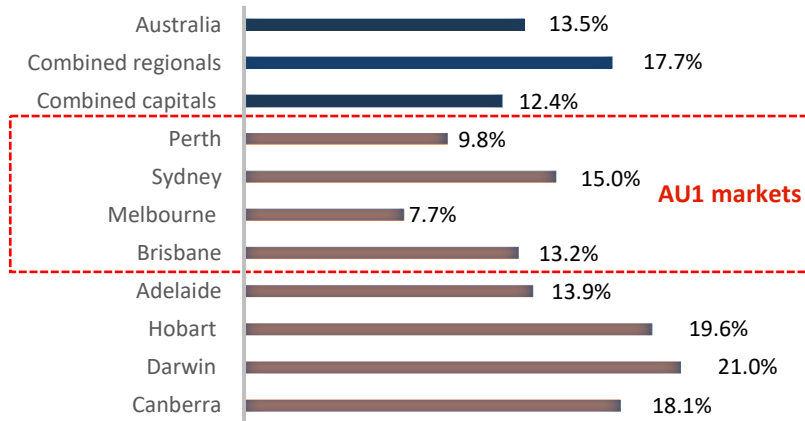


Data as at July 2021.

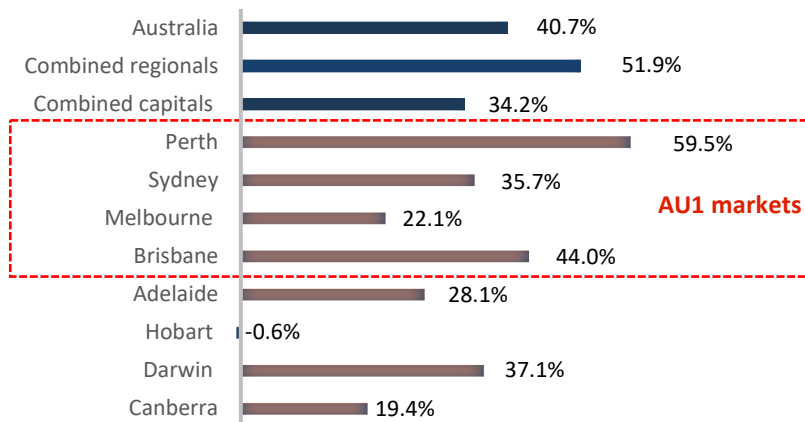


# The post COVID-19 Australian residential real estate market is achieving record sales values and volumes

## Change in dwelling values, twelve months to June 2021<sup>1</sup>



## Change in sales volume, twelve months to June 2021<sup>1</sup>



## Highlights<sup>1</sup>

Over the twelve-month period ending June 2021:

- ✓ Australian dwelling values rose 13.5% in the 2020-21 financial year, the **highest annual growth rate** since April 2004
- ✓ In the three months to June, most capital cities saw the strongest dwelling value growth across the top 25% of values
- ✓ Sales volumes have risen 40.7% in the financial year compared with the previous year
- ✓ Fresh listings nationally sat 22.4% above equivalent period last year
- ✓ Australian rent values increased 6.6%, which is the strongest annual appreciation in rents since February 2009



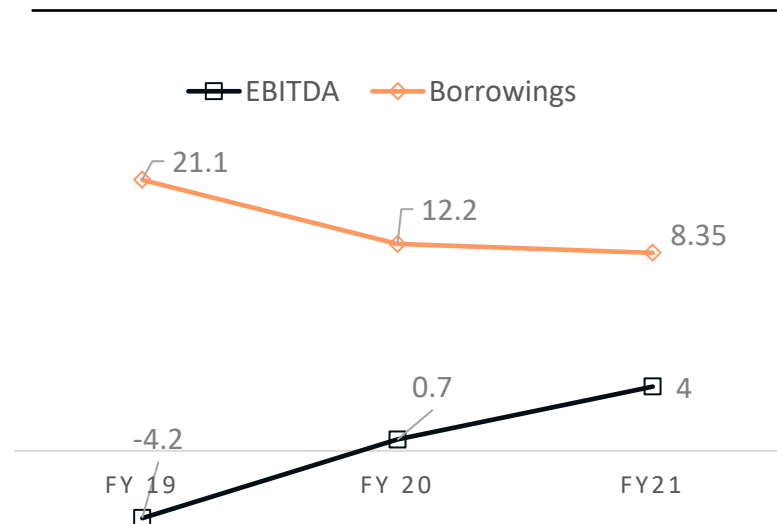
<sup>1</sup>Note 1: CoreLogic Monthly chart pack, July 2021.



## Strong financial position & balance sheet

- ✓ Total financing facilities at end of June 2021 of \$8.35 million<sup>3</sup>
  - An extended \$5 million Macquarie Bank primary secured debt facility
  - \$3.35 million Convertible Note to private investment company Peters Investments Pty Ltd<sup>4</sup>
- ✓ AU1 borrowings continue to reduce as EBITDA grows
- ✓ Asset value (rent roll and loan book) ~\$25m

AU1 borrowings & EBITDA (\$ million)



(\$ million)	FY19	FY20	FY21
Borrowings <sup>1</sup>	21.1	12.2	8.35
Revenue	31.3	41.9	60.1
EBITDA <sup>2</sup>	(4.2)	0.7	4.0 <sup>5</sup>

**Note 1:** Borrowings have been adjusted to off set financial assets held against the borrowings. **Note 2:** EBITDA adjusted to exclude the impact of AASB16 and government incentives. **Note 3:** Refer to June Quarter 2021 Appendix 4C in ASX announcement dated 29 July 2021 **Note 4:** Includes monthly interest which is capitalised. **Note 5:** Unaudited and expected to exceed \$4M for FY21





# Experienced board & management team with a mix of real estate and commercial expertise



**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.



**Geoff Lucas | Group Chief Executive Officer**

Geoff Lucas is one of the most highly regarded executives in the Australian property industry, with more than 25 years commercial experience and a distinguished track record of leadership in a number of corporate positions for an ASX-listed real estate group, as well as other major public companies. From 2008-2016 Geoff served as the Chief Operating Officer of McGrath Real Estate (ASX: MEA), later serving as Chief Executive Officer of the company.



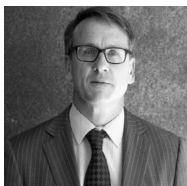
**Matt Lahood | Chief Executive Officer – Real Estate**

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.



**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.



**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.



**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).



**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.



**Mark Williams | Chief Executive Officer – Commercial**

Mark Williams brings more than 30 years of real estate experience to his commercial role with The Agency. As the CEO and founder of Ray White’s commercial division, he built a network of over 50 commercial businesses across Australia, Asia and New Zealand. Further to these achievements, he headed up the Ray White Group’s Asia operations as Director of Greater China and Asia.

**Board of directors**

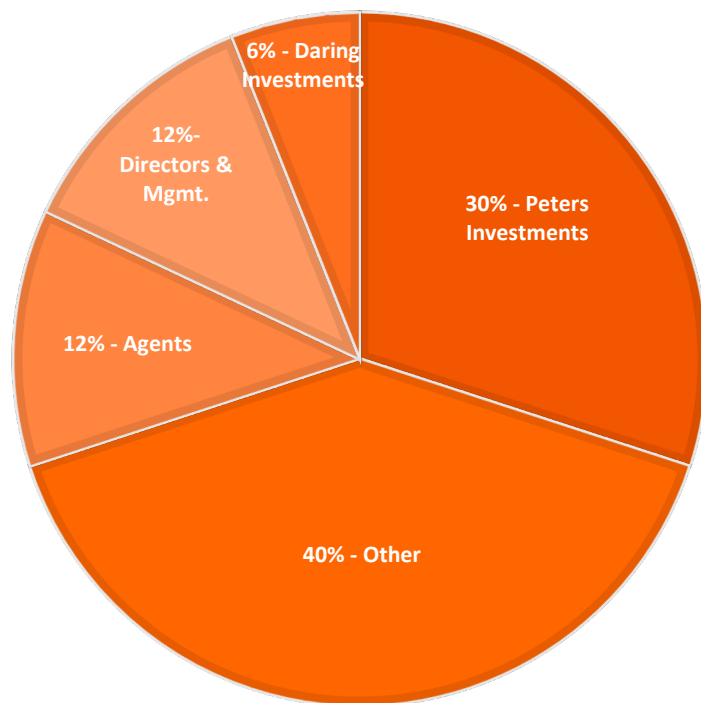
<b>Paul Niardone</b>	Managing director
<b>Matt Lahood</b>	Chief executive officer – Real estate
<b>Andrew Jensen</b>	Chief operating officer
<b>Adam Davey</b>	Non-executive director





# Corporate snapshot

## Top shareholders



## Snapshot

**ASX Code**  
AU1:ASX

**Shares O/S** 428.6m  
**Shares F/D<sup>2</sup>** 570.7m

**Market capitalization**  
\$23m (@ 5.4cps)

**Cash<sup>3</sup>**  
\$5.7m

**Enterprise value**  
\$25.5m (@ 5.4cps)

**Total Financing Facilities<sup>4</sup>**  
\$8.35m

**Note 1:** Trading history for the 12-month period ending 21 May 2021 (source: Thomson Reuters).

**Note 2:** Fully diluted shares outstanding inclusive of 333,333 unlisted options and conversion of the remaining balance of the Peters Investments Convertible Note (\$3.26m as at 28 February 2021) at maturity.

**Note 3:** Cash as at 30 June 2021. **Note 4:** Refer to June Quarter 2021 Appendix 4C in ASX announcement dated 29 July 2021



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