

# Investor Day 2022

PEXA UK and PEXA Insights

13 May 2022



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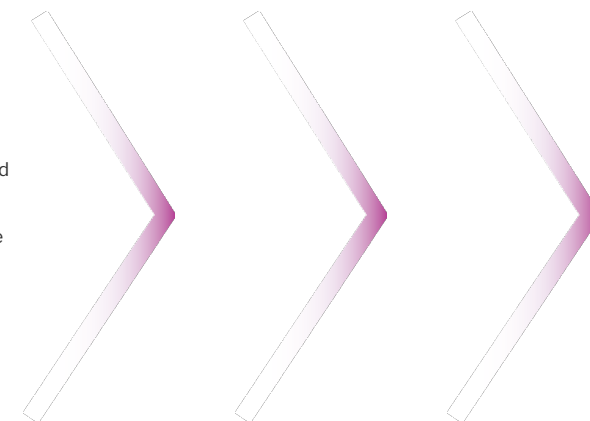
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## Today's speakers



**Scott Butterworth**

**Chief Data & Analytics Officer**

- > An accomplished business leader working across many sectors in a variety of roles, across Asia, Europe and Australia
- > Previously CFO at Slater & Gordon (ASX: SGH) from late 2018, until he joined PEXA in November 2021. Prior to that, worked in financial services, mostly at NAB in Australia and the UK, with a short period at Westpac. Scott was also a Partner at Boston Consulting Group's Financials Services practice in Australia and New Zealand.
- > Scott's passion is for harnessing data-driven insights to provide value to government, financial institutions, PEXA members and the broader property sector



**James Bawa**

**CEO UK**

- > A highly motivated executive leader with extensive experience in transformational change across financial and property sectors in the UK
- > Previously CEO at JN Bank UK, a cloud-based challenger bank which he set up and obtained a new license for; and CEO at Teachers Building Society, where he was responsible for re-engineering the society into a specialist lender (winning "Best Local Building Society 2011-13), Monmouthshire Building Society and Scottish Legal Life Assurance Society
- > Extensive regulatory experience with over 12 years as a panel member of the Financial Services Authority and Financial Conduct Authority. James applies a communicative, energetic, participative, and inspirational leadership-style



**Gary Howard**

**Chief Transformation Officer, PEXA**

- > Known for his leadership and delivery, both in terms of start-ups, and business transformation / turnarounds
- > Experience of the last 10 years is somewhat unique, having seen PEXA from both sides; as an end user leading a transformational implementation of PEXA into one of the Australian Big 4 Banks, and within PEXA given his broader role leading Business Transformation
- > Over 30 years' Financial Services experience in Australia and the UK, he brings a unique perspective to the International team having led large lending functions in Australia and overseas.

## Today's agenda

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Q&A

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# About PEXA & Group strategy

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PURPOSE

PRIORITIES

VALUES

TO TRANSFORM THE PROPERTY EXPERIENCE FOR EVERYONE			
 <p>ENHANCE</p> <p>Enhancing the core Exchange in Australia building deeper customer relationships</p> <p></p>	 <p>REPLICATE</p> <p>Bringing digital property settlement solutions to Torrens title jurisdictions internationally</p> <p></p>	 <p>EXTEND</p> <p>Developing and partnering to provide innovative data insights and digital services, transforming the experience of developing, buying and selling, settling, owning and servicing properties</p> <p></p>	 <p>BUILD</p> <p>Investing in our people, platform and brand to sustain an innovative culture and reputation trusted by stakeholders</p> <p></p>

Innovate for good



Better together



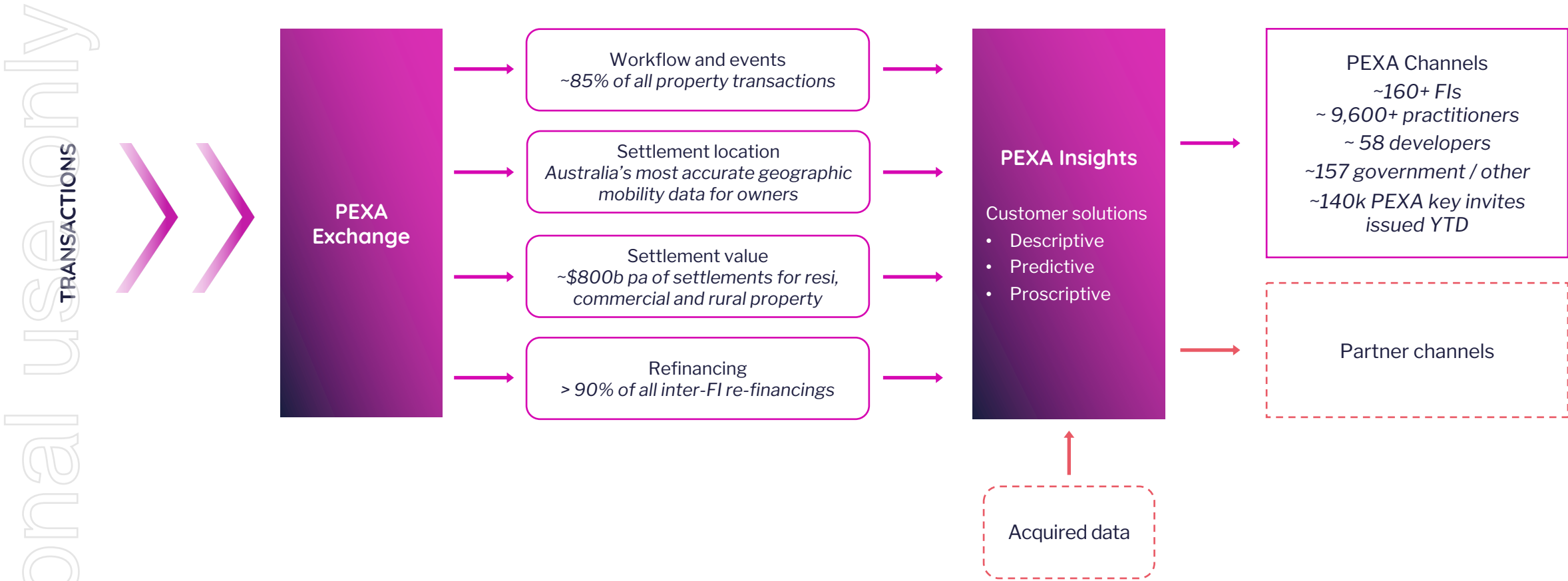
Make it happen  
Make it count



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# PEXA INSIGHTS

# Leveraging PEXA's data and distribution



Note: YTD reflects July 21 – April 22



# Comprehensive Australian property content

PEXA Property Insights Report

MARCH 2022 QUARTER



Although the market showed signs of peaking, sale settlements remained at elevated levels

Seasonal declines were recorded for the Mar-22 quarter off the back of a record Dec-21 quarter. At first glance the market seemed to show signs of weakening, however it is normal for settlement volumes to dip in the new year, as fewer properties settle in January due to the holiday period. Settlements in the Mar-22 quarter were comparable to the same period in the prior year, with volumes remaining at historically high levels, although growth flat-lined.

The relaxing of COVID restrictions breathed new life into capital cities, with metropolitan areas outperforming regional areas in NSW, VIC & QLD for volume growth in the Mar-22 quarter. In fact most regional areas lost ground, whilst metropolitan areas grew over the same period, highlighting strong buyer demand for property in urban areas close to jobs.

PEXA Mortgage Insights Report

MARCH 2022 QUARTER



New loans and refinances experienced a seasonal dip in the Mar-22 qtr

This seasonal dip is to be expected as the Mar-22 qtr is impacted by the January holiday period. When compared to the corresponding period a year ago, new loan volumes were largely unchanged, remaining at historically high levels. However the absence of growth does suggest that the market is reaching its peak and faces a number of headwinds, including the uncertainty of the upcoming federal election and speculated interest rate rises.

Refinances on the other hand were well up on the prior year. Similar to new loans, seasonal declines were recorded across all states when compared to Dec-21 quarter, however all states posted significant year-on-year increases led by WA and QLD. Property Owners continued to refinance at high levels, motivated to take advantage of record low interest rates.



Mike Gill, Head of Research PEXA

SETTLEMENT HIGHLIGHTS

- > QLD led the country for a third successive quarter. QLD recorded 51,458 sale settlements in the Mar-22 quarter, slightly ahead of VIC on 50,702 and eclipsing southern neighbour NSW on 48,100.
- > \$62.3B worth of property settled in NSW in the Mar-22 quarter. Australia's most populous state once again recorded the highest aggregate value, well ahead of VIC at \$50.9B.
- > WA saw a resurgence in the Mar-22 quarter, with 2.5% growth on the prior year. This result almost matched the highs of the Dec-21 quarter and coincided with the state re-opening borders to the Eastern states.



MORTGAGE HIGHLIGHTS

- > VIC recorded the most new loans in the Mar-22 qtr with 38,619, edging out QLD (36,814) and NSW (35,303). VIC also recorded the highest year-on-year growth, up 1.6%.
- > WA with 7,978 refinances and QLD with 17,561 refinances experienced the highest year-on-year growth for refinance (+53.5% and +42.6% respectively)
- > Postcode 3029 (Truganina) topped the country for both new loans and refinances in the Mar-22 qtr. The outer western postcode of Melbourne recorded over 1,000 new loans and refinances during the period.

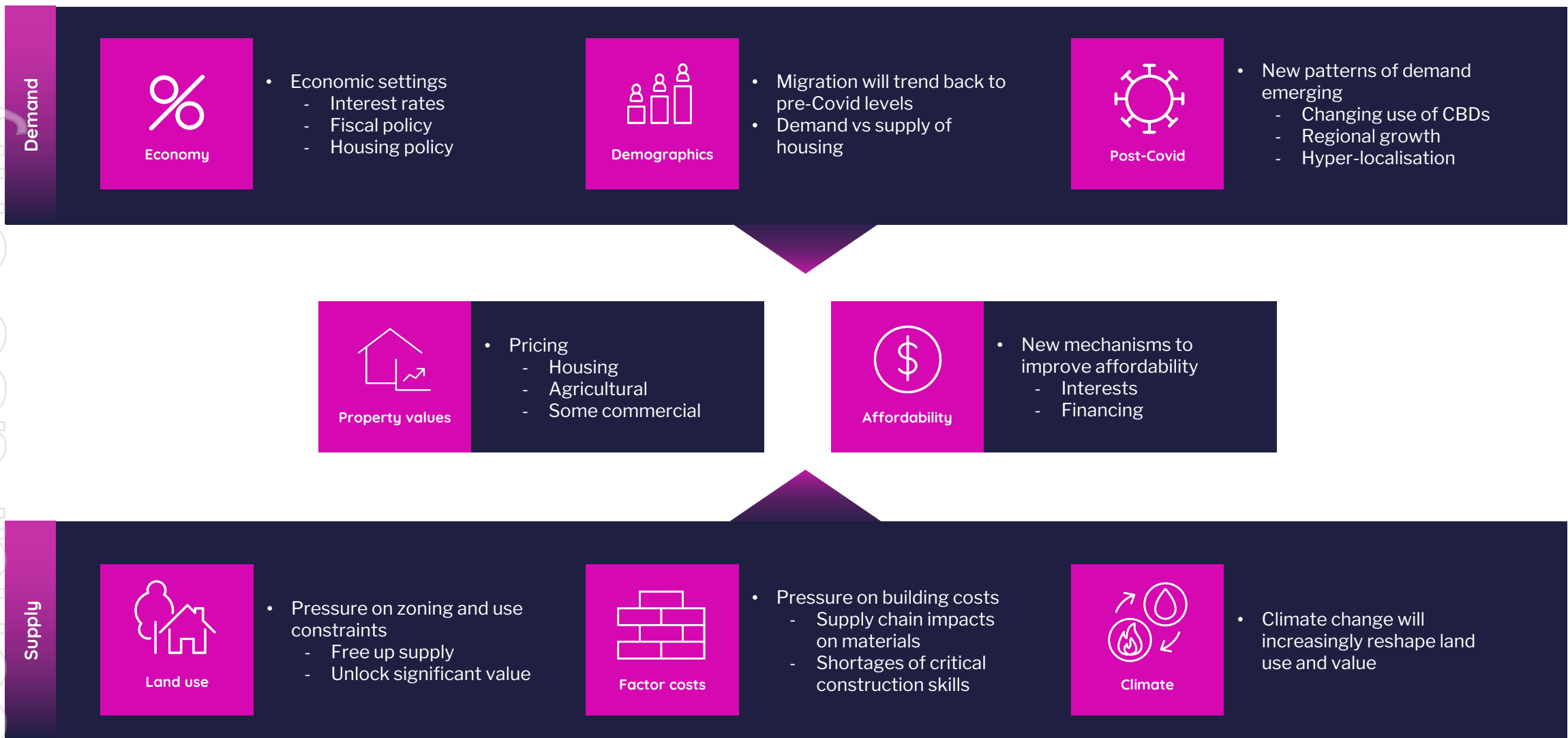


This report aims to provide a comprehensive view of property settlement trends in Australia, covering the key states of NSW, VIC, QLD, and WA (our analysis excludes SATAS, ACT & NT). Settlement figures quoted are total settlements, they include all digital and paper-based settlements for residential and commercial property unless otherwise stated. Non-monetary settlements such as family transfers or gifts have been excluded.

We trust you will find the unique data and insights in this report valuable and we hope it delivers a new perspective on the health of the Australian property market. We always welcome your feedback - if you have any comments or ideas to contribute, please contact us at [research@pexa.com.au](mailto:research@pexa.com.au).

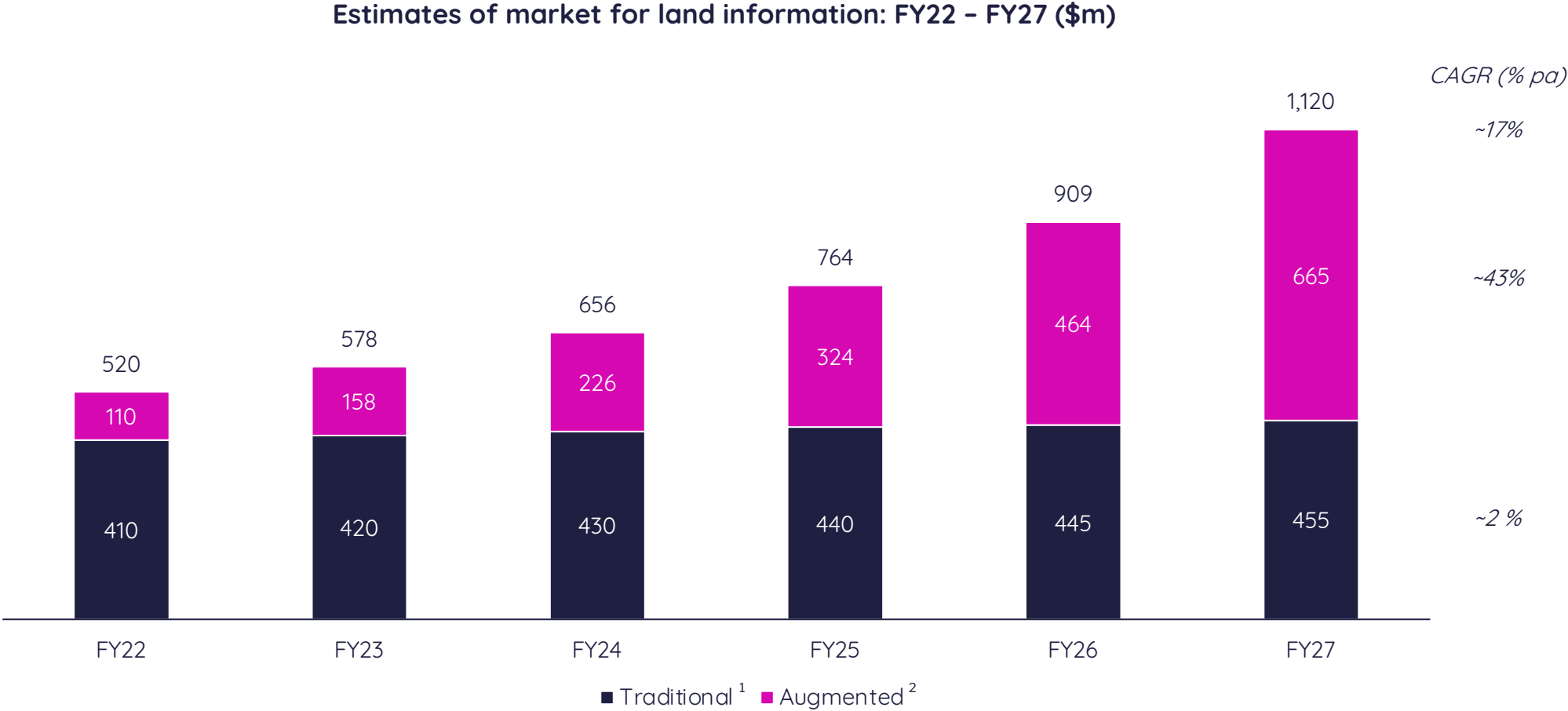
This PEXA Insights report aims to provide a comprehensive view of mortgages in Australia, using the unique data captured in the PEXA digital property exchange. This analysis only includes transfers and refinances lodged digitally via PEXA and excludes any paper based lodgments. As of Mar-22, over 85% of transfers and 95% of all refinances nationally were lodged via PEXA. This report covers their key states of NSW, VIC, QLD & WA and both residential and commercial property unless otherwise specified (our analysis excludes SA, TAS, ACT & NT). Refinance numbers reported only include external refinances (where the home loan is refinanced with a different lender) and exclude internal refinances (where the home loan is refinanced with the same lender). We trust you will find the unique data and insights in this report valuable and we hope it delivers a new perspective on the health of the Australian property market. We always welcome your feedback - if you have any comments or ideas to contribute, please contact us at [research@pexa.com.au](mailto:research@pexa.com.au).

# Property markets will be reshaped





# \$1.1b land information market by FY27




Note: Estimates rounded to nearest \$5m, Source:  
1. Frost & Sullivan Market Report as per IPO prospectus  
2. PEXA estimates

# Areas of focus

Segment	Demand for land	Use of land	System efficiency	Housing affordability	Data / Capability
Federal government					
State government					
Local government					
Financial Institutions					
Developers					
Agents					
Practitioners					
Consumers					



Leverage geographic mobility data  
~20% of market<sup>1</sup>

Leverage PEXA's distribution, extend PEXA's relationships  
  
~38% of market<sup>1</sup>

Leverage transaction and Refi data  
~13% of market<sup>1</sup>

PXI products

Work with partners to foster debate on affordability  
Purpose, reputation and talent

Commercial partnerships to acquire data, analytics capability and distribution  


1 % of estimated market in 2027  
Source: PEXA estimates

# Strategic investment in Landchecker

- > PEXA Insights made its first significant strategic investment during 1H22 in prop-tech data company, Landchecker
  - 38% stake (RACV 51%, Founders 11%)
- > Landchecker allows homebuyers, developers and renovators to make informed property decisions, faster:
  - Informing consumers about planning restrictions
  - Planning permit applications such as pending development next door
  - Planning restrictions such as heritage overlay
  - Approximate land size, boundaries and dimensions
- > Investment enriches the unique and timely property data PEXA is unlocking for industry
- > Creates new value for consumers, government and industry through additional products and services



# Progress and objectives

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	Mid 2021 – Mid 2022	Mid 2022 – end 2023	2024/2025 +
	Foundation	Build	Accelerate
Team	<ul style="list-style-type: none"><li>Established team - data scientists, data engineers, product specialists</li></ul>	<ul style="list-style-type: none"><li>Leadership team for scale up</li></ul>	<div>Run business at scale – circa \$50m revenues pa</div>
Product	<ul style="list-style-type: none"><li>Built and launched two new products into market</li></ul>	<ul style="list-style-type: none"><li>Launch 5+<sup>1</sup> new PXI products</li><li>Launch 5+<sup>1</sup> new research products</li></ul>	
Partnerships	<ul style="list-style-type: none"><li>State governments – data</li><li>Melbourne Business School</li><li>Landchecker</li></ul>	<ul style="list-style-type: none"><li>M&amp;A pipeline – augment capability, data, distribution</li><li>Commercial arrangements</li></ul>	

1. Subject to regulatory approval

PEXA UK

PEXA is uniquely placed to become a first mover globally and disrupt the completion of property transactions



Global leaders in building and operating an orchestrated lodgement and settlement platform for the completion of property transactions



Depth of experience in managing industry transformation and regulatory developments



Proven track record with operating a complex enterprise platform at scale

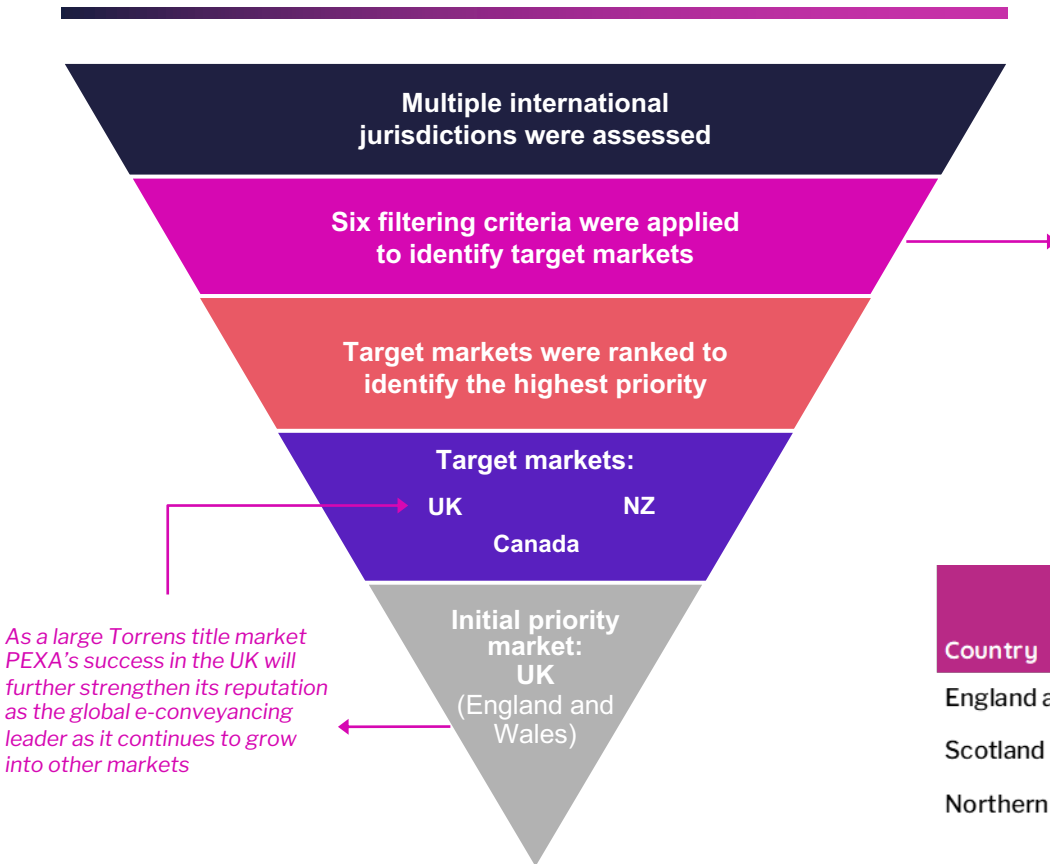


Capability for building supplier and customer integrations that enable an end-to-end solution



# Market scoping resulted in the UK being assessed as the most significant opportunity

PEXA undertook a structured scoping exercise to identify target markets of opportunity



As a large Torrens title market PEXA's success in the UK will further strengthen its reputation as the global e-conveyancing leader as it continues to grow into other markets

The global opportunity set was filtered through six criteria

1

Common processes / Torrens title jurisdictions

2

Ease of doing business

3

Total annual transactions

4

Bank concentration

5

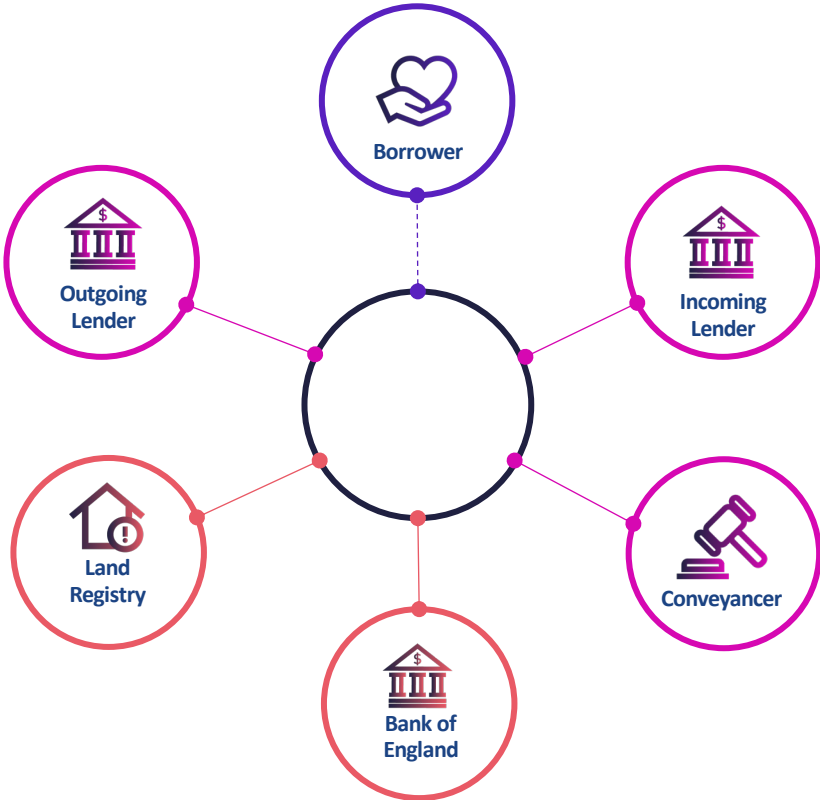
Proportion of English speaking population

6

Population

Country	Estimated digital property settlements potential market size (A\$m)	Population (m)	Dwellings (m)
England and Wales	\$641	59.4	24.7
Scotland	\$62	5.5	2.3
Northern Ireland	\$17	1.9	0.8

Building an ecosystem of participants who together will transform the current heavily manual process



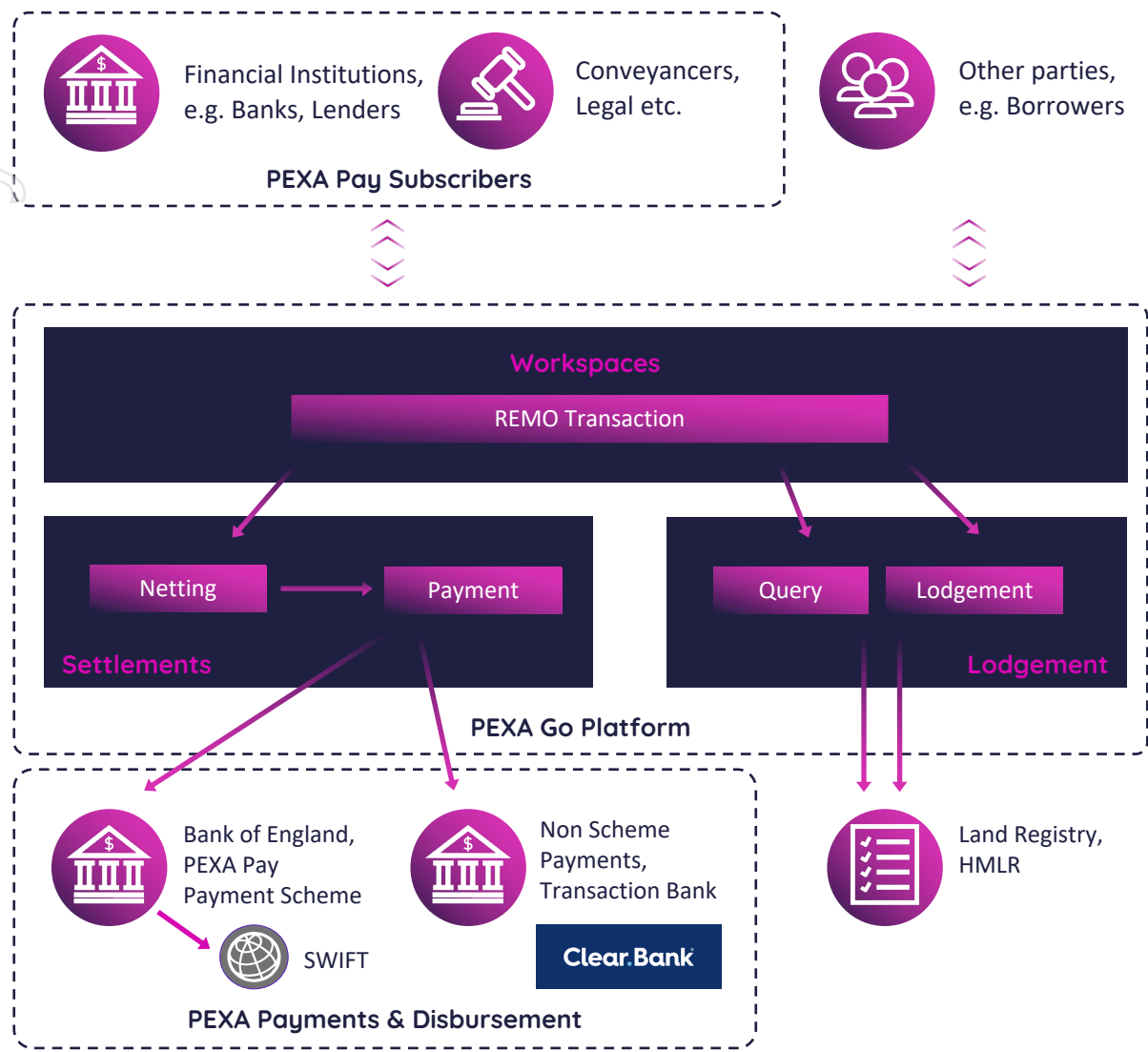
○ Transacting Entities      ○ Enabling Entities      ○ Does not access the platform

The PEXA-enabled ecosystem will:

- Deliver a brand new settlements scheme at the Bank of England
- Enable lenders and conveyancers to work collaboratively within a single workspace – using a combined workflow
- Automate a significant amount of the admin overhead currently associated with property completion
- Automate searches and lodgement through integration with Her Majesty's Land Registry

# PEXA UK solution overview

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## Key Partners for PEXA Pay



### BANK OF ENGLAND

- PEXA Pay is the seventh net settlement payment system to clear through the Bank of England
- The previous six are BACS, C&CCC, CHAPS, LINK, Paym and Faster Payments
- PEXA Pay became live in March 2022

### Clear Bank

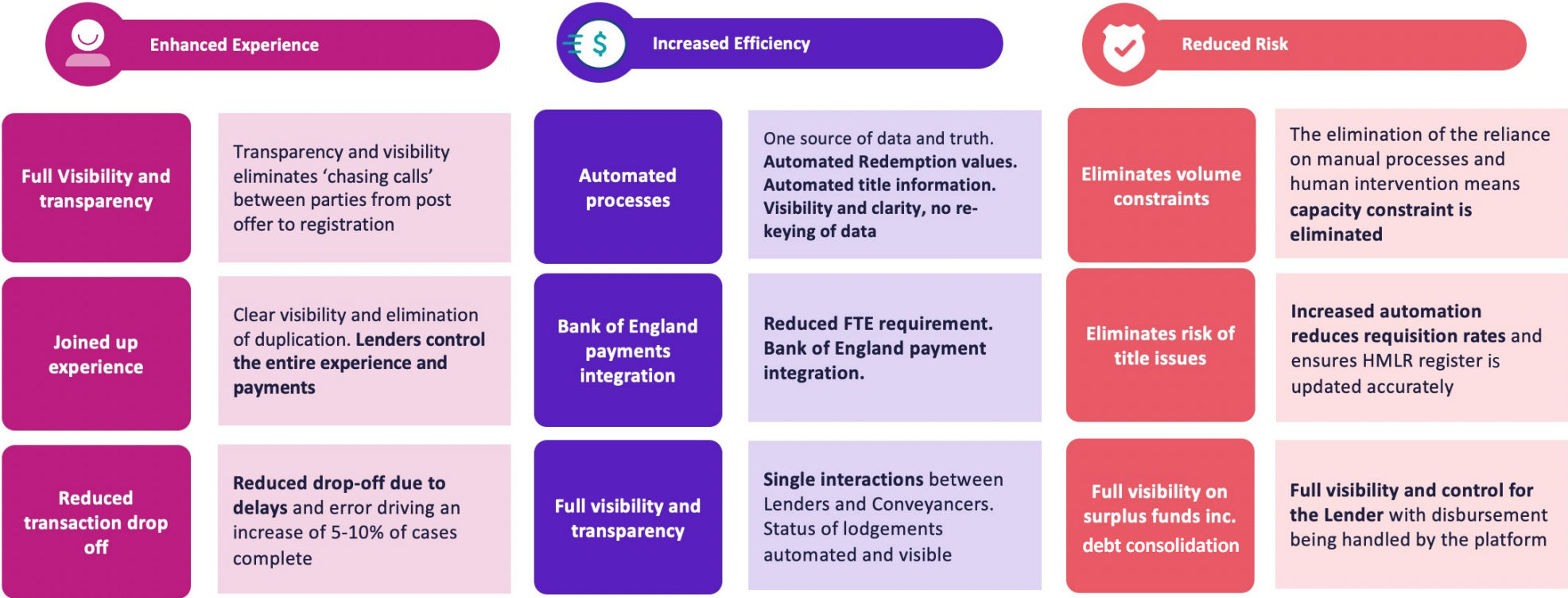
- UK's first clearing bank in more than 250 years
- ClearBank is a next-generation clearing and embedding banking platform
- Partnered with PEXA to disburse funds to accounts held with Lenders not already integrated with PEXA

# Lenders are key beneficiaries of the PEXA remortgage solution

Enabling frictionless Remortgages.  
Faster completions with more certainty.

Providing a streamlined and automated post offer to completion solution for Remortgages that is integrated to HMLR and the Bank of England to orchestrate lodgement and financial settlement.

- ↓ Reduce direct processing cost
- ↓ Decrease time to completion
- ↑ Increase Remortgage capacity



## PEXA's remortgage solution also unlocks significant benefits across the UK industry



### Consumers

- ✓ Enhanced security
- ✓ Increased speed and certainty
- ✓ Seamless completion process
- ✓ Transparency of post offer process
- ✓ Better loan deals created by ease of switching



### Her Majesty's Land Registry

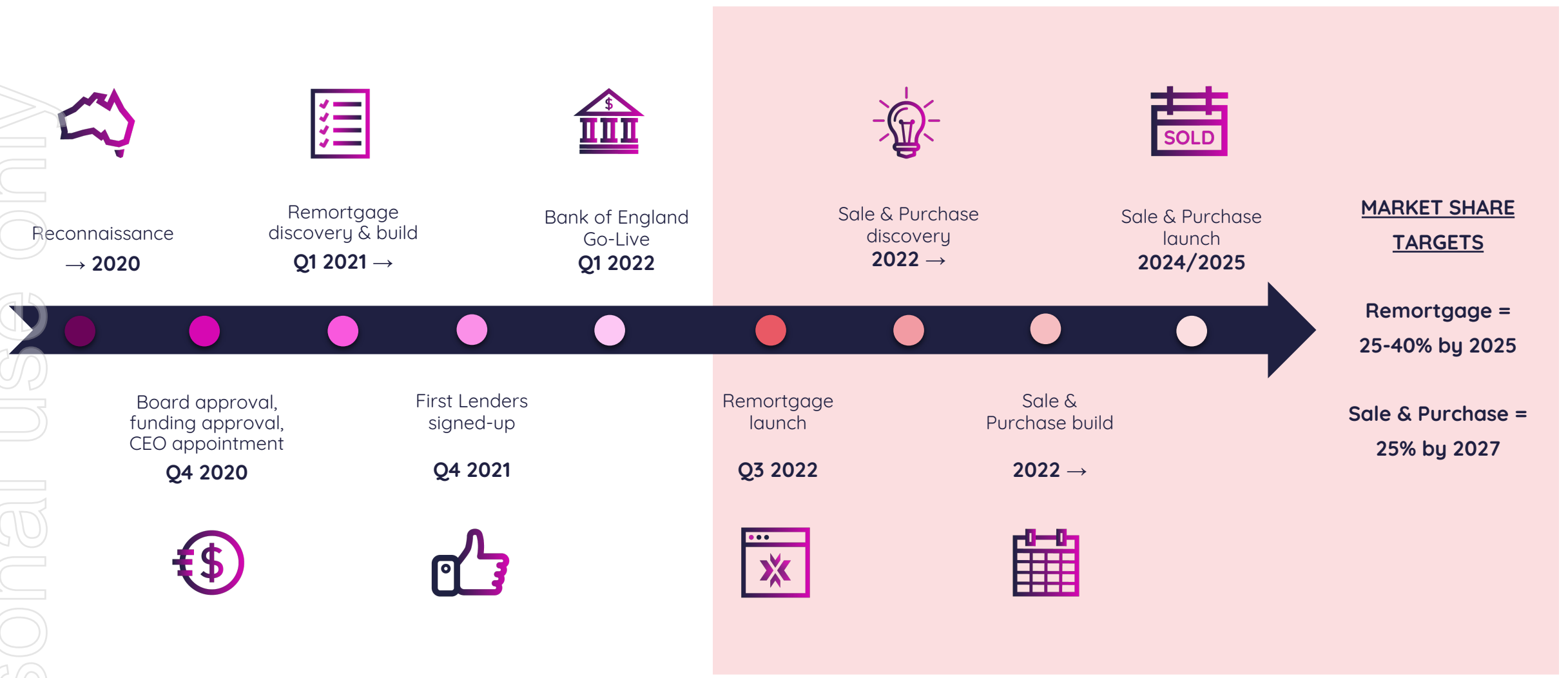
- ✓ Improved data quality for lodgement
- ✓ Increased uptake of the Digital Mortgage
- ✓ Lower costs from far less work, errors and rework



### Government & Regulators

- ✓ Addresses imperatives and challenges highlighted by COVID-19
- ✓ Aligns with UK Gov policy and digital strategy to "Build world-class digital infrastructure for the UK"
- ✓ Promotes good consumer outcomes and competition

# Progress and next steps





# Q&A

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