



FOLLOW THE CAPITAL

Australian Mortgage Broking Is Entering Its Institutional Age

The emerging opportunity for founders, Family Offices and patient strategic capital

ASH PLAYSTED | THE PRIVATE STRATEGIC OFFICE™ | AP ADVISORY

By Ash Playsted

Founder, The Private Strategic Office™ | Principal Adviser, AP Advisory | CEPA® Credentialed Succession & Exit Planner

Every now and again, a transaction story appears that is interesting not because of the transaction itself, but because of what it tells us about the direction of an industry. The reported appointment of UBS to explore a sale of Thinktank is one of those stories. At first glance, this is relatively straightforward corporate news. Thinktank has developed into a significant commercial and residential mortgage originator, servicer and securitizer. Australian Finance Group owns approximately 32 percent of the business. Thinktank now has around \$9.6 billion in assets under management, and The Australian has reported that a sale process is being explored.

Interesting, certainly. But I think there is a much bigger story hiding underneath it. It is a story about where capital is moving. And if you follow that capital far enough, I believe you begin to see the early formation of something that will fundamentally change Australian mortgage broking over the next decade: the institutionalization of the industry.

I use that word deliberately. I do not mean corporatization for the sake of corporatization. I do not mean replacing entrepreneurs with institutions. I do not mean turning every successful mortgage brokerage into a branch office of some enormous financial conglomerate. Quite the opposite. I believe the real opportunity is to bring institutional-quality capital, governance, ownership architecture and strategic discipline into an industry while preserving the entrepreneurship that made the industry successful in the first place.

That creates an intriguing proposition on both sides of the table. For capital, particularly patient private capital and Family Offices, there is an opportunity to participate in one of the most important financial distribution systems in Australia. For successful brokerage founders, there is an opportunity to think differently about enterprise value, ownership, succession, liquidity and what comes next. Somewhere between those two groups sits a market that, in my view, is only beginning to develop.

The industry I grew up in was never designed for this

I have spent more than four decades in mortgage and finance. I have been fortunate enough to see this industry from almost every angle. I have written loans, built businesses, employed brokers, developed referral networks, navigated downturns, sold businesses, coached founders and watched mortgage broking progress from the margins of financial services to become the dominant residential mortgage distribution channel in Australia. That history matters because the structure of this industry has changed enormously.

For much of my career, mortgage broking businesses were not really built as enterprises. They were built as practices. A good broker built relationships, wrote more loans, accumulated trail income, employed some people, perhaps brought another broker or two into the business, and gradually developed a valuable income stream. Some became very large and very successful. But there was often remarkably little separation between the founder and the business. The founder was the salesperson, owned the referral relationships, knew the clients, solved the difficult files, recruited the staff and made the important decisions. The founder was often the culture. When the founder eventually wanted to leave, the industry's answer was generally some variation of selling the trail book.

That was entirely logical for the industry we had built. But it is increasingly inadequate for the industry we are becoming.

Distribution has become strategically important

There has been a profound migration of the Australian mortgage customer. Once upon a time, the branch owned the relationship. Today, increasingly, the broker does. AFG says it supports approximately one in nine Australian residential mortgages, while the broker channel itself has grown to roughly four-fifths of residential lending. This is not a trivial change in distribution preference. It represents a transfer of strategic importance.

The banks remain enormously important. Their balance sheets, funding capacity, brands, credit capability and access to deposits remain fundamental to the system. But owning capital and owning customer distribution are not the same thing. Over time, capital tends to become very interested in whoever controls distribution. We have seen this pattern in many industries. At first, distribution is treated as a route to market. Then it becomes valuable in its own right. Then people begin building additional economics around it. Then sophisticated capital begins asking who actually owns the distribution. I think that process is now well underway in Australian mortgages.

Follow the capital down the value chain

There is a temptation to describe this as capital somehow travelling neatly from banks to aggregators, from aggregators to lenders, and then into brokerages. The financial system is obviously more complicated than that. Warehouse facilities, securitization markets, bank funding, institutional debt, shareholder capital and private investment all interact in different ways. What I am describing is not literally the movement of the same dollar. It is the movement of capital intent.

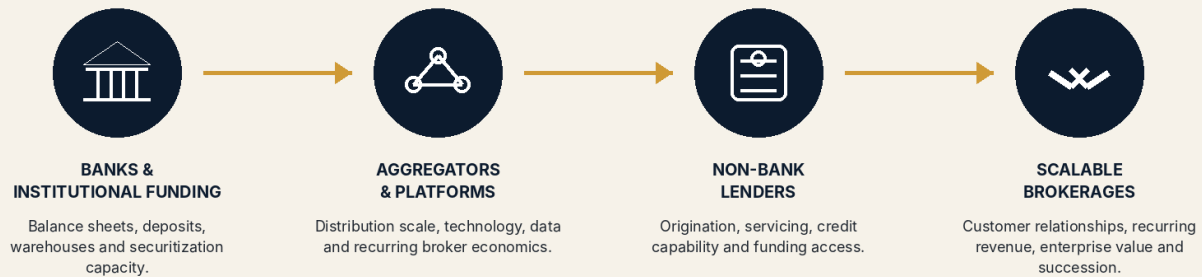
For many years, the deepest pools of institutional capital naturally focused on the largest balance sheets. Banks were institutional assets. Then non-bank lenders became increasingly credible institutional assets. The development of securitization and wholesale funding helped create lenders that could operate at meaningful scale without a traditional deposit base. Then aggregation businesses became valuable because they controlled access to enormous volumes of mortgage distribution. Now something else is happening. The economic attention is moving further downstream, toward the businesses that actually own the customer relationships, toward scalable brokerages. That is the part I believe founders should be watching carefully. And it is the part Family Offices, private investors and long-duration capital should also be examining.



THE CAPITAL-INTENT CASCADE

Capital is progressively moving closer to the customer relationship

Not as a simple flow of the same dollar, but as strategic attention, ownership and economic participation.



THE STRATEGIC SHIFT As the broker becomes the dominant point of customer access, capital increasingly asks who owns the distribution economic around that relationship.

The capital-intent cascade: strategic attention and ownership are progressively moving closer to the customer relationship.

AFG offers a fascinating case study

AFG is still routinely described as an aggregator. That description is correct. It is simply becoming incomplete. Look at the architecture of the business today. AFG has a substantial national broker distribution network. It operates proprietary lending through AFG Securities. It participates in white-label lending. It has technology and broker subscription economics. It has strategic investments. It owns approximately 32 percent of Thinktank. And it is now investing directly into brokerages.

AFG's FY26 result provides a useful window into the transition. Reported net profit after tax increased 39 percent to \$49 million. Management said only around 10 percent of earnings are now directly exposed to short-term movements in residential lending volumes, with the remainder supported by existing loan books, trail commissions, subscriptions and diversified products with annuity-like characteristics. That is an important evolution. AFG has moved from principally earning economics around aggregation toward constructing multiple economic engines around its distribution platform.

The company also allocated \$21 million to growth investments during FY26, including \$8 million into AFG Securities, \$6 million into technology and \$7 million into broker investments. Again, follow the capital. Distribution has become the platform. Capital allocation is now being layered across it.



CASE STUDY

AFG: from aggregator to capital platform

A distribution business is becoming an architecture for manufacturing, technology, strategic investment and broker equity.



FY26 SIGNALS

\$49m

NPAT
up 39% year on year

~10%

EARNINGS EXPOSURE
to short-term residential lending volumes

\$21m

GROWTH INVESTMENT
across securities, technology and broker investments

6

BROKER INVESTMENTS
announced by May 2026

35

BROKER GROUPS
AFG aspiration by 2029

Source: AFG FY26 results and AFG Broker Investments materials. Figures rounded.

AFG illustrates how a scaled distribution business can evolve into a broader capital platform.

Thinktank demonstrates the power of strategic optionality

Thinktank provides a particularly good historical example. In 2018, AFG invested \$10.9 million for a 30.4 percent fully diluted interest in Thinktank. At that time Thinktank's loan book exceeded \$750 million. AFG did not need to buy the entire business. It took a strategic minority position. The rationale included earnings diversification, distribution alignment and expanding commercial lending capability through the AFG broker network.

Today Thinktank has approximately \$9.6 billion of assets under management and AFG owns around 32 percent. Now a possible transaction is being explored. Whether the sale actually proceeds, at what valuation and under what structure remains unknown. That is important. A process is not a completed deal. But the strategic lesson does not depend upon the outcome. AFG used minority ownership to participate in the growth of a strategically aligned business while retaining options. That is much more sophisticated than the traditional binary approach to ownership: buy everything, or own nothing. The same principle increasingly applies to founders.

The brokerage is becoming an investable enterprise

The most interesting evidence of all may be AFG's Broker Investments program. AFG has begun taking minority, non-controlling equity interests in selected broker businesses. Its stated proposition is straightforward: capital and strategic support can be used to help brokerages scale, evolve, undertake succession or provide some liquidity to owners without requiring those owners to surrender control of the business. The founder remains responsible for day-to-day operations. The business retains its identity. AFG participates through equity, reporting and governance.

By May 2026, AFG had announced its sixth transaction through the program, with a stated longer-term aspiration to invest in as many as 35 high-quality brokerage groups by 2029. I find this important for reasons that extend well beyond AFG. An ASX-listed financial services business is deliberately allocating shareholder capital into minority ownership of mortgage brokerages. Pause on that for a moment. For decades, many brokerages were valued largely

through the lens of trail income. Now institutional capital is beginning to look at them through the lens of enterprise value. Those are two very different ideas.

Trail value and enterprise value are not the same thing

A trail book has value. An enterprise has value for different reasons. An enterprise has management capability. It has repeatable origination. It has institutionalized referral relationships. It has operational systems. It has financial reporting. It has margins. It has intellectual property. It has governance. It has a culture that can exist beyond one individual. It has a brand capable of transferring trust from the founder to the organization. Most importantly, it can continue producing economic value even when the founder is no longer doing everything.

That distinction will become increasingly important as more capital assesses brokerage businesses. A \$2 billion loan book does not automatically create a great enterprise. A business can be large and still be extraordinarily founder dependent. Equally, a smaller business with strong management, diversified referral channels, disciplined economics, quality technology and a credible succession structure may be far more institutionally attractive than its headline settlements would initially suggest.

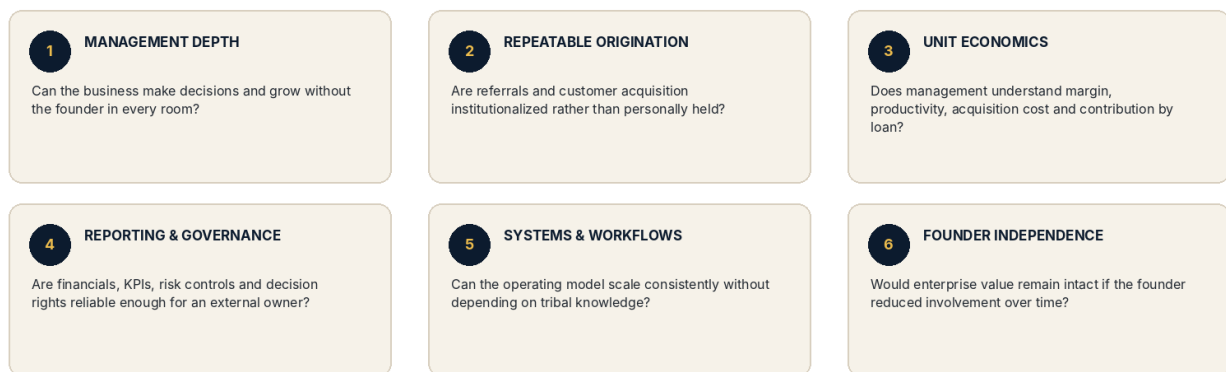
Institutional capital will eventually force the industry to become much more sophisticated about this distinction. That is healthy, because the same disciplines that make a business more investable generally also make it a better business to own.



WHAT CAPITAL ACTUALLY UNDERWRITES

A large loan book is not the same thing as an institutional-quality enterprise

Scale matters, but durable enterprise value is built from the quality of the operating system underneath the settlements.



Institutional capital underwrites the quality of the enterprise underneath the loan book, not simply the size of the book itself.

There is a genuine opportunity here for Family Offices

I think Family Offices should find this particularly interesting. Not every Family Office, of course. Nor am I suggesting Australian mortgage brokerages suddenly become an obvious asset class simply because AFG has made six investments. They do not. The investment market remains immature. There is limited transaction evidence. Business quality varies enormously. Founder dependency can be significant. Revenue can be concentrated. Compliance risk matters. Lender and aggregator relationships matter. Technology and cybersecurity matter. The durability of referral channels matters. Succession capability matters. These are not passive annuity books disguised as operating companies. They are businesses that require careful underwriting.

But that is precisely where the opportunity may exist. Family Offices can bring something particularly valuable to this market: patience. Many successful mortgage-broking founders are not looking for somebody to arrive with a five-year clock, maximize leverage, force integration and begin planning the exit on the day the investment settles. They have spent 15, 20 or 30 years building businesses around reputation and relationships. They care about staff. They care about clients. They care about their name. They often want liquidity without disappearance. They may want help professionalizing the company. They may want to de-risk personally. They may want succession. They may want to acquire competitors. They may simply want a sophisticated capital partner beside them for the next chapter.

That can align unusually well with the right Family Office mandate. Longer investment horizons. Flexible structures. Minority ownership. Founder rollover. Progressive liquidity. Patient growth capital. Board participation. Management succession. Selective acquisitions. Eventual intergenerational ownership or a later institutional transaction. There is no reason every investment needs to look the same. In fact, I suspect the strongest opportunities will be deliberately bespoke.

The capital opportunity is bigger than buying trail books

This point is important. If sophisticated capital enters mortgage broking merely to purchase annuity streams, we will have missed the larger opportunity. The real opportunity is enterprise creation. Imagine what happens when a strong founder-led brokerage combines entrepreneurial distribution capability with institutional-quality capital allocation. Management depth can be accelerated. Technology can be improved. Smaller complementary businesses can be acquired. Marketing can become systematic. Referral networks can become institutionalized. Leadership equity can be introduced. Governance can improve. Founders can diversify personal wealth without abandoning the business. Succession can be designed years in advance. Operating businesses can become platforms. Several platforms can eventually become something more valuable than the sum of the individual books.

That is where the economics become interesting. Not financial engineering for its own sake. Enterprise building.

“The real opportunity is not simply to acquire businesses. It is to institutionalize an industry without extinguishing the entrepreneurs who built it.”

But capital should tread carefully

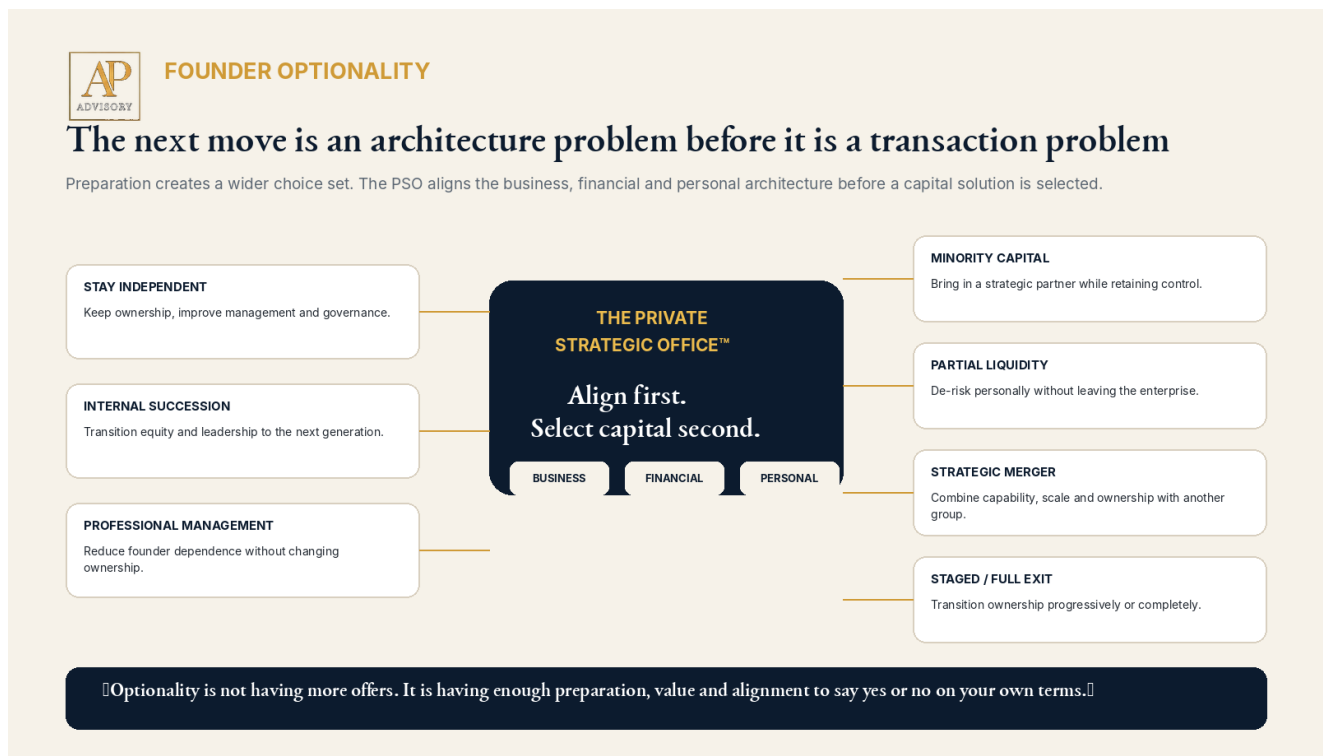
There is another side to this thesis. Institutional capital has a long history of entering entrepreneurial industries and destroying exactly what made those industries attractive. Mortgage broking is particularly susceptible to that risk. This is still a human distribution business. Trust matters. Founder credibility matters. Local relationships matter. Speed matters. Judgment matters. Entrepreneurial energy matters. Try to standardize all of that into oblivion and you may succeed in institutionalizing the cost structure while destroying the revenue engine. That would be a terrible trade.

The best capital will understand that professionalization and centralization are not synonyms. You can institutionalize governance without removing entrepreneurship. You can improve reporting without suffocating people. You can introduce capital discipline without turning every decision into a committee process. You can build succession without prematurely removing the founder. You can create scale while allowing brands and cultures to remain distinctive. That, to me, is the real art.

And founders now have a much bigger choice set

The implications for successful brokerage founders are equally significant. The old conversation was largely about exit. The emerging conversation is about optionality. A founder might sell everything, but they might also sell 25 percent or 40 percent. They might bring in capital to acquire another brokerage. They might sell some equity and remain CEO. They might transition ownership to senior management. They might merge with another business. They might introduce Family Office capital. They might create partial liquidity now and retain meaningful participation in the next phase of enterprise value creation. They might establish a board and professional management team and keep the business indefinitely. They might build toward a larger institutional transaction five years from now. They may ultimately decide to do nothing.

That last option matters. Optionality includes the ability to say no. The objective is not to manufacture transactions. It is to build enough value and enough strategic preparedness that the founder can choose among genuine alternatives.



Founder optionality: preparation widens the credible choice set before a capital or succession decision becomes urgent.

More options also mean more ways to make a mistake

This is the part that gets less attention. Capital arriving in an industry does not automatically create good outcomes for founders. A founder can sell too early. Take the wrong partner. Value the business incorrectly. Retain too little control. Retain too much risk. Accept the highest price rather than the best structure. Agree to earn-outs they cannot control. Fail to understand governance rights. Create liquidity without a personal financial strategy. Misalign family expectations. Discover after the transaction that they have sold the part of their working life they actually loved. Or, perhaps most painfully, spend decades building enterprise value and only begin thinking about succession when health, age, family circumstances or an unsolicited buyer forces the issue.

I have seen versions of all of these problems. They are rarely valuation problems alone. They are alignment problems.

The founder's next move is not simply a transaction

This is one of the reasons I founded The Private Strategic Office™. As my work with successful founders evolved, one thing became increasingly clear to me. The founder's most consequential decisions rarely sit neatly inside one professional discipline.

Consider a partial sale. To the M&A adviser, it is a transaction. To the accountant, it is a taxation and structuring issue. To the lawyer, it is documentation, warranties, governance and shareholder rights. To the wealth adviser, it is a liquidity event. To the lender, it may change borrowing capacity. To the family, it may alter wealth, security and succession. To the founder, it might change identity, control, purpose, income and what they do on Monday morning.

They are all looking at the same decision. But they are not necessarily looking at the same problem. That is the gap the Private Strategic Office is designed to occupy. Not another specialist in the orchestra. The conductor. The strategic quarterback. Someone sitting beside the founder before the transaction becomes the agenda.

Preparation should begin before the offer arrives

I think successful brokerage founders need to invert the traditional process. Do not wait until somebody offers to buy the business before deciding what the business means to you. Do not wait until age forces succession before building successors. Do not wait until a capital partner starts due diligence before discovering your reporting is inadequate. Do not wait until somebody values the company before deciding what drives value. Do not wait until you receive liquidity before determining what liquidity is supposed to achieve. Do not wait until control is being negotiated before deciding how much control matters.

Prepare first. Understand the enterprise. Understand the founder. Understand the family. Understand the financial position. Understand the ownership architecture. Understand the potential value gap. Understand the risks. Then design the options. Only after that should the capital solution be selected. That sequencing is important.

The next decade may be about ownership

Australian mortgage broking has already undergone several great structural transitions. The first was the emergence of the broker itself. Then came aggregation. Then non-bank lending and securitization developed. Technology became infrastructure. Broker market share climbed relentlessly. The industry professionalized. Businesses grew larger. Now I think another transition is beginning: ownership.

The demographic logic alone makes this inevitable. Many founders who built substantial brokerages over the last two or three decades will have to contemplate succession during the next ten years. At the same time, institutional and private capital is looking for quality recurring earnings and durable distribution. Aggregators are thinking more broadly about their economics. Non-bank lenders continue to mature. The broker increasingly owns the customer relationship. High-quality brokerages are becoming larger and more professionally managed. The ingredients are assembling. The market connecting them remains relatively immature. That is often where the most interesting opportunities begin.

For capital, the prize is access to distribution

From the capital side, I would frame the opportunity very simply. Australian mortgage broking represents a large, established, highly fragmented distribution ecosystem sitting at the center of one of the world's most significant residential mortgage markets. The underlying businesses often have recurring trail revenue. They can be capital-light. Customer relationships can endure for decades. Cross-sell opportunities can extend beyond residential mortgages into

commercial lending, asset finance, insurance, property, wealth and other financial services. There is acquisition fragmentation. There is founder succession pressure. Institutional penetration remains relatively low.

None of that means the investment thesis works automatically. The winners will be determined by entry valuation, business quality, management, governance, structure, alignment and execution. But the strategic ingredients are there. For certain Family Offices and long-duration investors, I believe that should warrant serious investigation.

For founders, the prize is not the highest offer

The founder opportunity is different. Your objective should not necessarily be to create the biggest transaction. It should be to create the greatest freedom of choice. There is an enormous difference. You may ultimately discover that the best outcome is selling 100 percent. Wonderful. You may conclude that a strategic minority partner allows you to take some chips off the table while building something twice as large. Excellent. You may want management to succeed you. You may want your children involved. You may want to acquire. You may want to merge. You may want to keep 100 percent ownership and install professional management so you can spend three months a year somewhere else. These are not valuation decisions. They are founder-life decisions supported by business and financial architecture.

The business is simply one part of the founder's balance sheet. Often it is also one of the largest parts of the founder's identity. That deserves more thoughtful planning than a term sheet arriving unexpectedly in an inbox.

My thesis is simple

I believe Australian mortgage broking is beginning a transition from a predominantly entrepreneurial industry into an entrepreneurial industry supported by increasingly institutional ownership and capital. The distinction matters. I do not want the entrepreneurship removed. I want the enterprise underneath it strengthened.

I want founders to understand that their businesses may be capable of becoming much more than income-producing practices. I want good capital to understand that the value of this industry sits in far more than trail books. I want successful founders to contemplate succession while they are still growing. I want Family Offices to understand the potential advantage of patient partnership over aggressive financial engineering. And I want both sides to recognize that the best outcomes will probably come from alignment rather than control.

AFG's evolution provides one useful piece of evidence. Its Thinktank investment provides another. Its movement into direct minority ownership of brokerages provides another again. None of those things, individually, proves the thesis. Together they form a pattern. After four decades around this industry, I have learned to pay attention when patterns begin to repeat.

Follow the capital, but prepare before it reaches you

For founders reading this, my message is not that you should sell. It is not that you should take capital. And it is certainly not that institutional ownership is inevitably superior to independence. My message is much simpler. Something is changing. Capital is moving closer to distribution. Distribution is becoming strategically valuable. Brokerages are becoming investable. Succession pressure is building. Ownership structures are becoming more sophisticated. And the distinction between a successful brokerage and a genuinely valuable enterprise will become increasingly obvious.

So prepare. Build management. Understand your unit economics. Institutionalize your referral relationships. Remove unnecessary founder dependency. Improve reporting. Strengthen governance. Clarify ownership. Understand your value gap. Think seriously about succession. Work out how much liquidity you actually need. Talk to your family. Think about what you want your life to look like after the next chapter begins. Do those things whether you

ever transact or not, because a business capable of attracting high-quality capital is usually a better business to own anyway.

And if an investor eventually knocks on the door, you will be negotiating from an entirely different position. Not asking, ‘What are they prepared to offer me?’ but asking, ‘Does what they are offering advance the future I have already designed?’ That is a very different conversation. It is also the conversation I believe more successful Australian mortgage-broking founders will be having over the next decade.

The Private Strategic Office™ was created for precisely that moment. Not to manufacture the founder's next move. To help the founder design, prepare and align for it before it becomes urgent. Because ultimately, optionality is not having more offers. It is having enough preparation, enterprise value and alignment to say yes or no on your own terms. And in the next phase of Australian mortgage broking, that may become one of the most valuable assets a founder can own.

“Optionality is not having more offers. It is having enough preparation, enterprise value and alignment to say yes or no on your own terms.”

Ash Playsted

Founder, The Private Strategic Office™
Principal Adviser, AP Advisory
CEPA® Credentialed Succession & Exit Planner

Source note

Factual references draw on The Australian's DataRoom report on the Thinktank sale process; AFG's 2018 Thinktank investment announcement; AFG FY26 results and investor materials; and AFG Broker Investments program announcements. The reported Thinktank sale remains a process, not a completed transaction. Any references to sector institutionalization, Family Office opportunity and future ownership structures are Ash Playsted / AP Advisory analysis and inference.