



Interim Results

Half year ended 30 June 2014

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Executive Summary

Strong performance with Group Underlying Operating Profit up 31%

Group Revenue

£139.8m

▲18%

Profit Before Tax

£31.4m

▲275%

Ordinary Dividend
per Share

4.0p

▲21%

Group Underlying
Operating Profit

£15.1m

▲31%

Adjusted Earnings
Per Share

10.6p

▲39%

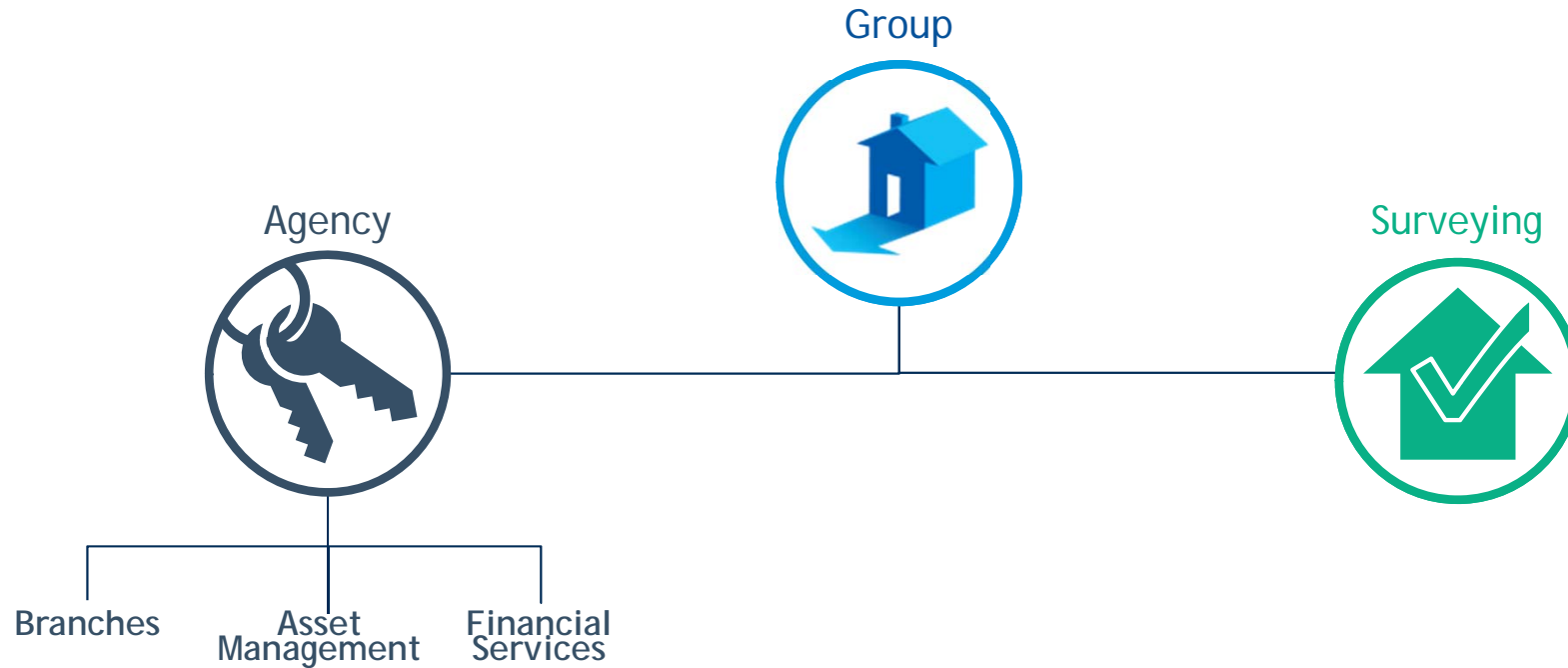
Special Dividend
per Share

16.5p

- Strong market growth in first quarter followed by more modest growth in quarter two.
- Excellent performance from Agency division
- Major contract secured in Surveying with additional investment in capacity.
- Excellent value creation from Zoopla investment - Investment of £1.9m in Zoopla generated £34.2m of value net of tax.
- Strong balance sheet with net bank debt of £18.7m¹ (2013: £31.7m).
- Substantial returns to Shareholders:
 - Ordinary dividend 4.0p, up 21%.
 - Special dividend 16.5p.

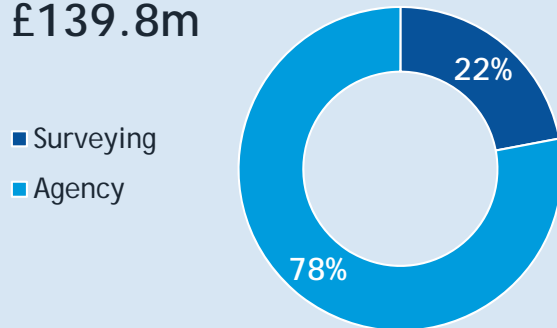
1) Net Debt at 30 June 2014 includes Zoopla proceeds of £18.9m

Business Overview



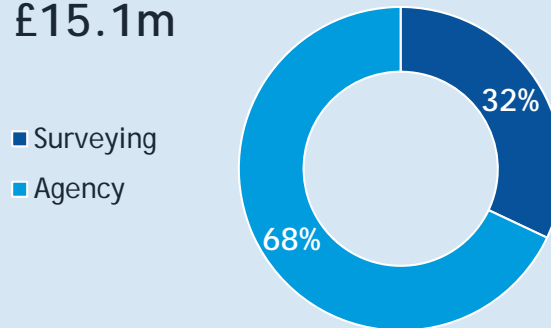
H1 14 Revenue

£139.8m



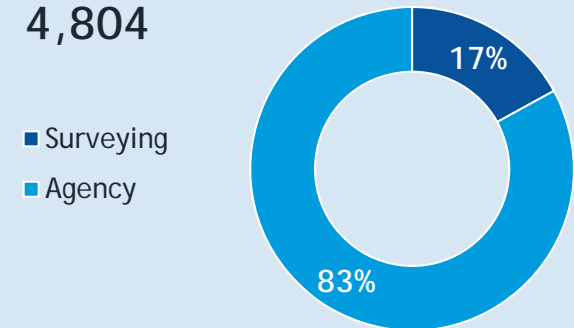
H1 14 Operating Profit

£15.1m



H1 14 Average FTE

4,804



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Summary Group Financials



Strong growth in Group Underlying Operating Profit, Profit Before Tax and Adjusted EPS

£m	H1 2014	H1 2013	Inc/ (Dec)
P&L			
Revenue	139.8	118.8	18%
Underlying Group Operating Profit ⁽¹⁾	15.1	11.5	31%
<i>Margin</i>	<i>10.8%</i>	<i>9.7%</i>	
Exceptionals	18.7	(1.7)	
Profit before tax	31.4	8.4	
Underlying Profit before tax ⁽²⁾	13.9	10.2	36%
Adjusted EPS	10.6p	7.6p	39%
Ordinary Dividend Per Share	4.0p	3.3p	21%
Special Dividend Per Share	16.5p	-	-
Cashflow			
Cash from Operations	4.2	3.9	9%
Balance Sheet			
Net Bank Debt ⁽³⁾	18.7	31.7	(41%)

1) Underlying Group Operating Profit is before exceptional gains and costs, contingent consideration, amortisation of intangible assets and share-based payments.

2) Underlying PBT is PBT less exceptional gains and costs, contingent consideration, amortisation of intangible assets and share-based payments.

3) Net debt at 30 June 2014 includes Zoopla proceeds of £18.9m.

Financial Performance - by Quarter



Strong market growth in the first quarter followed by more modest growth in quarter two

% Growth 2014 vs 2013	Q1	Q2	Total
Agency			
House Purchase approvals ⁽¹⁾	35%	7%	19%
Total Agency Income	26%	15%	20%
Surveying			
Total Mortgage Approvals ⁽¹⁾	25%	(1%)	10%
Total Surveying Income	21%	1%	10%

- Latest data for June year on year growth shows improvement
 - House purchase approvals up 17%.
 - Total Mortgage Approvals up 7%.

1) Bank of England

Financial Performance - Estate Agency



	H1 2014	H1 2013	Inc/ (Dec)
Exchange volume	14,297	12,416	15%
P&L (£m)			
Exchange Income	44.4	34.9	27%
FS Income (incl intermediary networks)	19.9	15.7	27%
Lettings Income	27.7	24.7	12%
Asset Management Income	6.4	7.1	(10%)
Other Income	10.2	7.9	29%
Total Revenue	108.6	90.3	20%
Expenditure	(96.4)	(81.9)	18%
Operating Profit	12.2	8.4	46%
Operating Margin	11.3%	9.3%	

- Very good growth across all agency branch income streams
- Average fee growth 11%.
- Asset management good performance in a repossessions market estimated to have declined by 20%.

Financial Performance - Marsh & Parsons



	H1 2014	H1 2013	Inc/ (Dec)
P&L (£m)			
Total Revenue	16.1	13.5	19%
Expenditure	(12.9)	(10.9)	19%
Operating Profit	3.2	2.6	20%
Operating Margin	19.6%	19.4%	

- Residential Sales Income up 16% year on year.
- Lettings income up 22% year on year
- On going investment in new branch opening programme

Financial Performance - Surveying



	H1 2014	H1 2013	Inc/ (Dec)
Number of jobs (000's)	196	198	(1%)
P&L (£m)			
Total Revenue	31.3	28.5	10%
Expenditure	(25.6)	(23.1)	11%
Operating Profit	5.7	5.4	5%
Margin	18.2%	19.0%	

- Revenue growth in line with market while continuing to build new capacity
- Excluding £1.1m cost of new graduates, operating profit growth up 25% and 22% margin.

Professional Indemnity costs

- Post November 2013, the rate of new claims and cost per claim has overall been consistent with expectations.
- Notification levels have remained high - should reduce in H2 and beyond as period for high risk lending ended in 2008.
- Basis of provision unchanged at half year - but sensitive to rate of new notifications and average cost of current and future claims.

Financial Performance - Operational Gearing



Year on Year change in revenue and Operating Profit for H1 (£m)

	Revenue	Operating Profit
Agency	18.3	3.8
Surveying	2.8	0.3
Adjustments		
1) Investment in graduates		1.1
2) Acquisitions	(2.0)	(0.2)
3) M&P LFL	(1.2)	0.1
4) Asset Management	0.7	0.3
Adjusted	18.6	5.4

- Operational gearing for first half 29%.
- Seasonality favours second half performance.
- Expect full year operational gearing of 35-40%.

Financials – Cash flow and Debt



Continued strong cash generation at the operational level

£m	H1 2014	H1 2013
Operating Cashflows		
Operating Profit	15.1	11.5
Depreciation, working capital and JVs	(4.2)	(2.1)
PI Payments	(6.5)	(5.0)
Exceptional costs paid	(0.2)	(0.5)
Cash from Operations	4.2	3.9
Interest paid	(0.8)	(2.0)
Tax paid	(1.0)	1.4
Investments	(6.0)	(1.0)
Capex	(4.6)	(3.4)
Zoopla proceeds net of costs	18.9	-
Dividend income	2.5	1.3
Dividends paid	(7.4)	(6.6)
Other	1.8	1.3
Net Cashflow	7.6	(5.1)
Closing Net Bank Debt⁽¹⁾	(18.7)	(31.7)

- Cash from operations:
 - High PI cash settlements as expected.
 - Increase in working capital as business grows.
- Investments:
 - Acquisitions - Hawes, three lettings books, and further investment in Zoopla on IPO.
 - Capex - new M&P branches, new IT systems and branch refurbishment.
- £18.9m received from sale of Zoopla shares pre tax.
- £100m banking facility to 2017.
- 21% increase in interim dividend.

1) Net Debt at 30 June 2014 includes Zoopla proceeds of £18.9m

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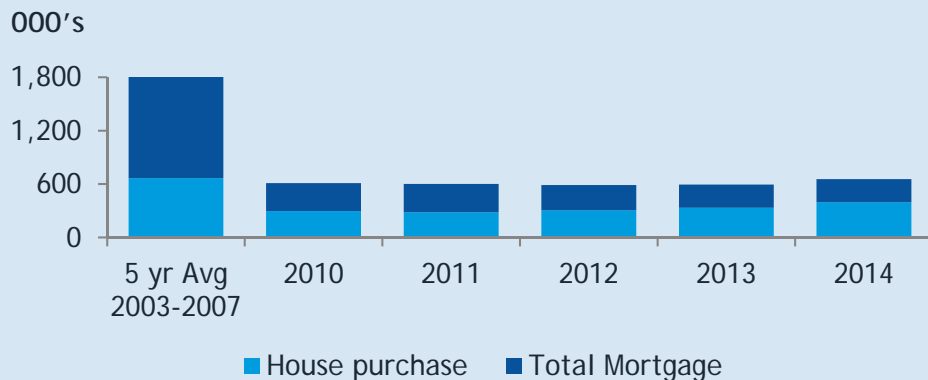
4 Operational Review

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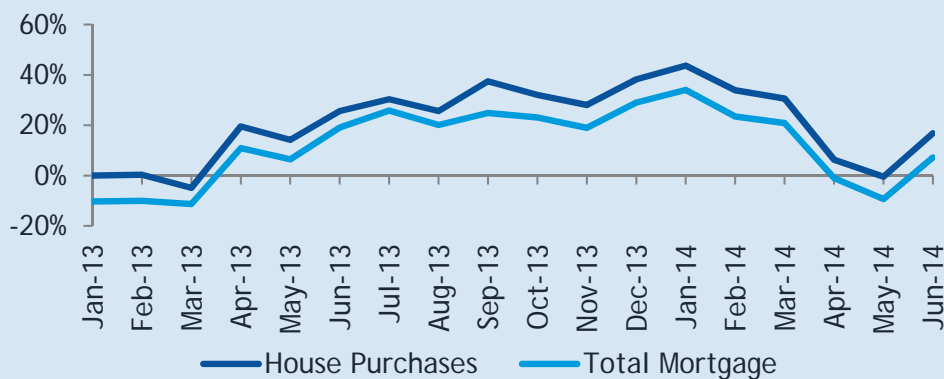
Market overview - mortgage volumes



H1 Mortgage and House Purchase Approvals⁽¹⁾



Monthly volume growth⁽¹⁾



1) Bank of England

House Purchase Approvals

- 397,000(1) H1 2014 up 19% on H1 2013.
 - Q1 2014 up 35% on prior year.
 - Q2 2014 up 7% on prior year.

Total Mortgage Approvals

- 656,000(1) H1 2014, up 10% on H1 2013.
 - Q1 up 25% on prior year.
 - Q2 down 1% on prior year

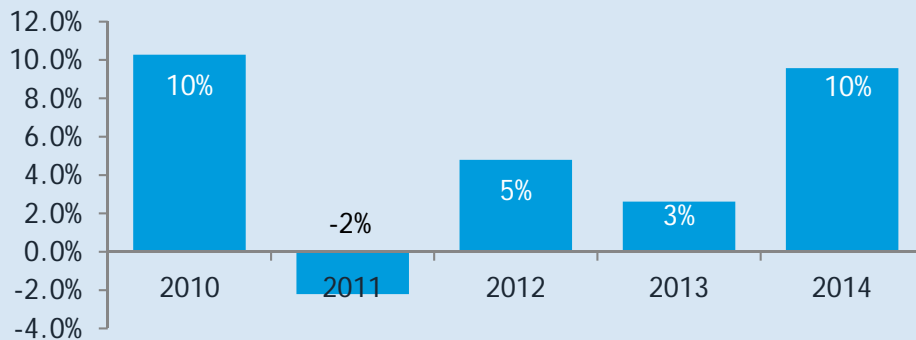
Outlook

- Key economic growth indicators and consumer confidence remain positive.
- MMR and tighter lending criteria have affected approval levels and sentiment.
- Outlook from lenders remains positive.

Market overview - house price trends

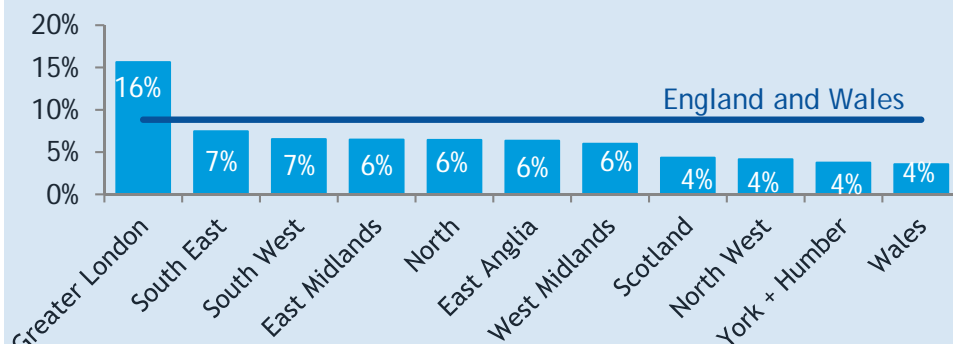


England and Wales annual house changes⁽¹⁾



1) LSL Property Services / Acadata House Price Index - June to June growth

House price movements by region⁽²⁾



1) LSL Property Services/Acadata House Price Index - May 2013 to May 2014 growth (UK: May 13 - May 14 9%)

- In year ended June 2014 average house prices in England and Wales increased by 10% to £269k.
- Average house prices for England and Wales are now 11% above the February 2008 peak.
- Significant regional variations:
 - London house prices up 16% for year ended May 2014 and are now 39% above Feb 2008 peak
 - Recent evidence of slowdown in London price growth and increase in time to taken to sell
 - England and Wales excluding London and South East grew by 6% in year ended to May 2014.
 - A number of regions outside of London are at least 5% below February 2008 peak.

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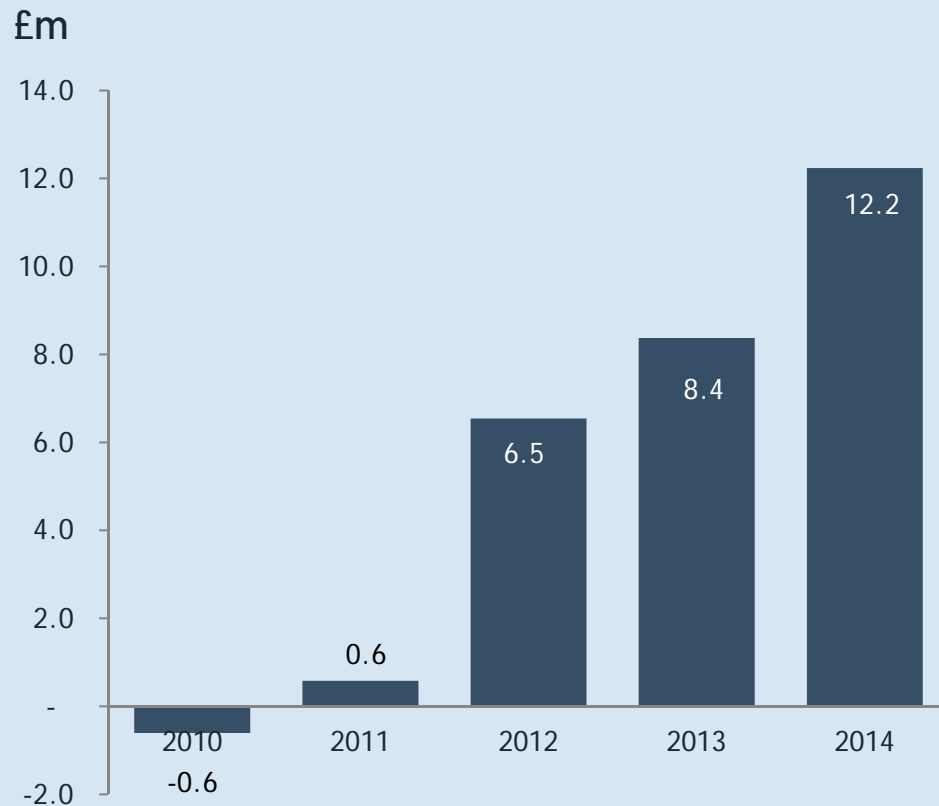
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Operational Review - Estate Agency



H1 Agency Profit Transformation



- Organic growth:
 - Positive revenue growth across all income streams except Asset Management.
 - Development of resilient countercyclical income streams.
 - Drive benefit from operational gearing in improved market.

Operational Review – Estate Agency

Selective Acquisitions at value accretive multiples



Hawes & Co

- Six branch South West London Estate Agency
 - New Malden
 - Raynes Park
 - Surbiton
 - Thames Ditton
 - Wimbledon
 - Wimbledon Village



Lettings Books

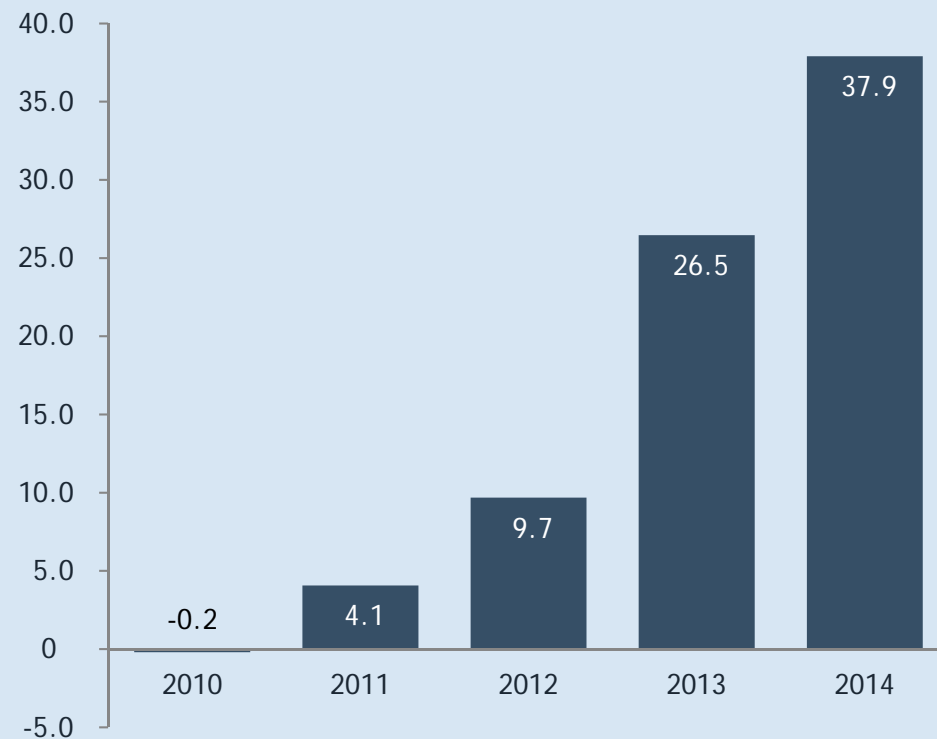
- Integrated into Your Move
 - Exeter
 - Plymouth
 - Telford

Operational Review - Estate Agency Branches



Profit per branch⁽¹⁾ year ended June

£000's



1) Excludes Marsh & Parsons

Your Move, Reeds Rains and LSLi

- £38k Profit per branch year ended Jun 14. The Board set a medium term target of £30k to £50k profit per branch in 2011.

Operational Review - Estate Agency Marsh & Parsons Branch openings



Marsh & Parsons

- New branch openings performing in line with expectations
- One new Marsh & Parsons branch opened in H1 2014 (Askew Road, W14).
- Three further openings planned for H2 2014.
- Ambition to double the size of the estate by 2019 to 36 branches.



Operational Review - Estate Agency

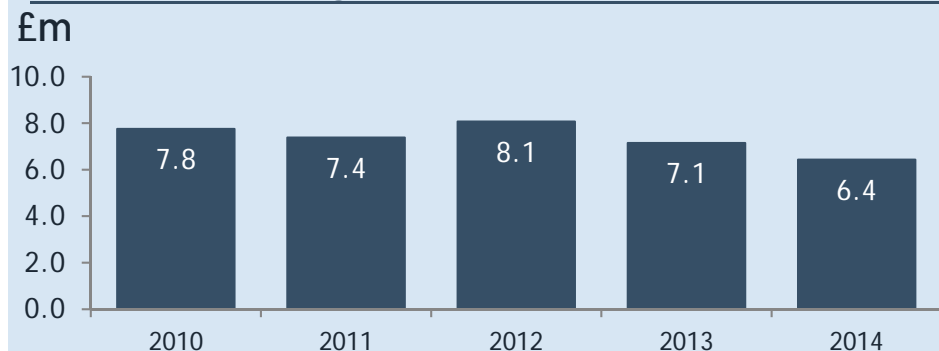
Countercyclical income



H1 Lettings Revenue



H1 Asset Management Revenue



Lettings

- H1 2014: Lettings income of £27.7m, 12% increase on H1 2013 driven primarily by organic growth.
- Implementation of new lettings software in core brands.
- Confident of delivering further growth in H2.

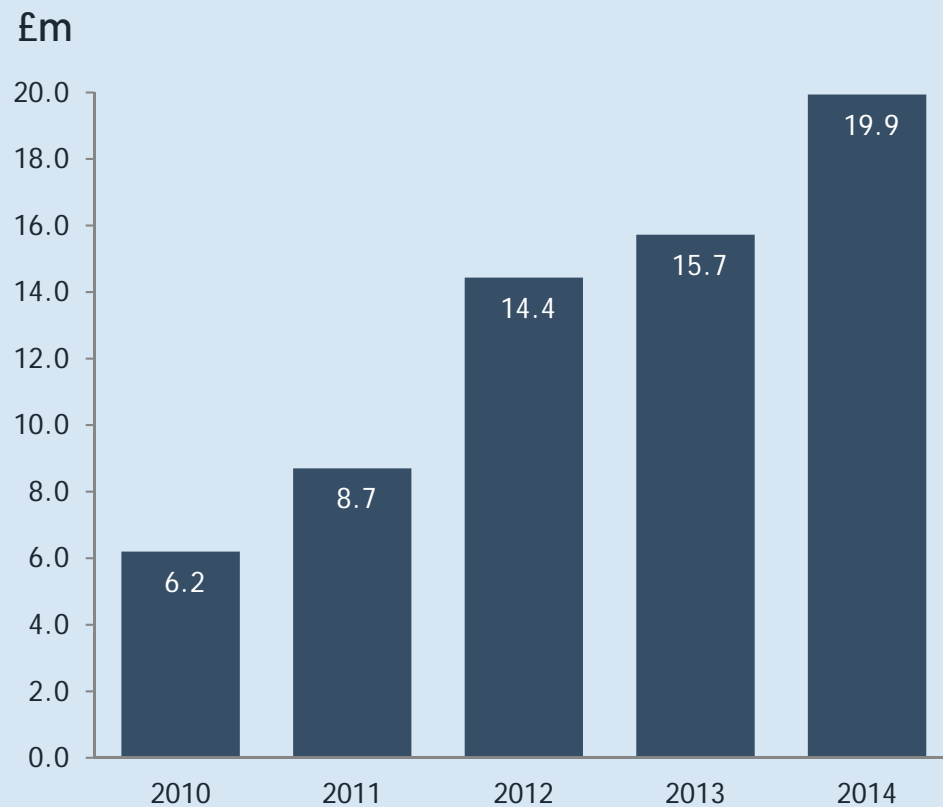
Asset Management

- Asset management income £6.4m in H1 2014.
- 20% market decline in Q1 2014 vs Q1 2013.
- Further market contraction forecast for H2 2014.

Operational Review - Estate Agency Financial Services



H1 Financial Services Revenue



- H1 2014 Financial Services revenue £19.9m, up 27% on H1 2013.
- H1 2014 LSL lending arranged £5.0bn.
- Investment in new front and back office IT systems to improve the customer experience, enhance productivity and support the continued delivery of appropriate outcomes to consumers.

Operational Review - Zoopla



- Total valuation creation of £34.2m (net of tax) at 30 June 2014
- Profit on initial disposal of £18.0m
- Cash received from disposals¹ - £20.9m (£16.8m post tax)
- Special dividend of 16.5p per share
- Retained investment valued at £27.2m at 30 June 2014



1) Includes cash received in July from shares sold as part of the IPO over allotment.

Operational Review – Surveying



H1 Surveying profit 2010 - 2014¹



1) 2010 to 2012 profit excludes income earned on the C&G contract insourced in 2012.

- Underlying profit growth 5% after continued investment to increase capacity. Excluding cost of investment profit growth was 25%

- Major contract secured in H1:



- Non-exclusive, multi-year term, started 1 July 2014.

- New contract terms reflect current improved conditions in the mortgage market.
- Further major contract up for renewal in H2.
- 73 new graduates employed at 30 June 2014 – Return on investment begins in second half of 2014 with full benefit in 2015.
- Confidence in deploying capacity as new graduates become productive.

Summary and Outlook



Estate Agency

- Strong organic growth, driving benefit from operational gearing.
- Significant progress with new Marsh & Parsons opening programme.
- Selective Estate Agency acquisitions.

Surveying

- Return on investments in new graduates strategy to come through.
- Successful 2014 contract negotiation.

Group

- Strong operational cash flow and balance sheet.
- Substantial increase in shareholder returns - interim and special dividends
- Confident of delivering significant growth in 2014.
- Well placed to deliver shareholder value growth in 2014 and beyond.

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Disclaimer

This Presentation and the Reports referred to therein, may contain forward-looking statements with respect to certain plans and current goals and expectations relating to the future financial condition, business performance and results of LSL. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of LSL including, amongst other things, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates, inflation, deflation, the impact of competition, changes in customer preferences, delays in implementing proposals, the timing, impact and other uncertainties of future acquisitions or other combinations within relevant industries, the policies and actions of regulatory authorities, the impact of tax or other legislation and other regulations in the UK. As a result LSL's actual future condition, business performance and results may differ materially from the plans, goals and expectations expressed or implied in these forward-looking statements.

Nothing in this Presentation or any Reports referred to therein should be construed as a profit forecast.

Information about the management of the Principal Risks and Uncertainties facing LSL is set out within the Strategic Report section of the LSL's Annual Report & Accounts which can be found at www.lslps.co.uk.

