

LSL Property Services plc

Full Year Results

Year ended 31st December 2019



Agenda

1.	Group Highlights
2.	Financial Performance
3.	Market Overview, Strategy and Outlook
4.	Q&A
5.	Appendices
6.	Disclaimer

Group Financial Highlights: 2019

Group Revenue	£311.1m ▼ 4%	Net Exceptional costs	(£13.2m) ▲ 435%
Group Underlying Operating Profit ¹	£37.0m ▲ 3%	Adjusted Earnings Per Share	28.0p ▲ 3%
Group Adjusted EBITDA ¹	£51.9m ▲ 25%	Final Dividend per Share	11.2p ▲ 3%
Profit Before Tax	£16.0m ▼ 31%	Net Bank Debt / Gearing ratio ²	£41.9m / 0.81x

- Highly resilient performance in the context of challenging residential market conditions during 2019 and the introduction of the Tenant Fee ban on 1st June 2019
- Group Underlying Operating Profit¹ up 3% to £37.0m (2018: £35.9m) and Group Adjusted EBITDA¹ up 25%. Excluding the impact of IFRS 16, Group Underlying Operating Profit was 1% ahead of prior year and Group Adjusted EBITDA¹ was 2% behind the prior year
- Group Revenues increased by 4% on a like-for-like basis, which was a highly resilient performance in the context of challenging residential market conditions during 2019. Reported Group Revenues were down 4% to £311.1m (2018: £324.6m) including the impact of the reshaping of the Your Move and Reeds Rains branch networks
- Gross Exceptional costs of £15.7m recognised in the year predominantly from the reshaping of the Your Move and Reeds Rains branch networks
- Continued positive progress in addressing historical Professional Indemnity (PI) claims with a £2.5m exceptional provision release for the year as claims were settled below previous expectations with a reduction in provision to £8.2m
- On 24th February 2020, the board of LSL confirmed that it is in discussions with Countrywide regarding a possible all-share combination. Discussions between Countrywide and LSL are ongoing. At this stage, there can be no certainty that any offer will ultimately be made for Countrywide. LSL reserves the right to introduce other forms of consideration and/or vary the mix or composition of consideration of any offer. Further announcements will be made in due course as appropriate

Group Operational Highlights: 2019

Effective execution of major projects and delivery on stated strategy

Estate Agency

- ✓ Successful reshaping of the Your Move and Reeds Rains branch networks delivered a substantial improvement in operating profit, ahead of expectations
- ✓ Lettings book acquisition programme continued with seven lettings books acquired during the period
- ✓ In Marsh & Parsons, two new branches opened in outer prime Central London. Performing in line with expectations

Financial Services

- ✓ Successful integration of PTFS (acquired in 2018) into the PRIMIS Mortgage Network and cost synergies delivered in line with expectations
- ✓ Completion of the roll out of Toolbox operating system to over 2,300 brokers and 500 administrators (part of rationale for acquiring PTFS)
- ✓ PRIMIS and Toolbox won the prestigious London Institute of Banking & Finance (LIBF) award 'Best Technology Initiative UK'

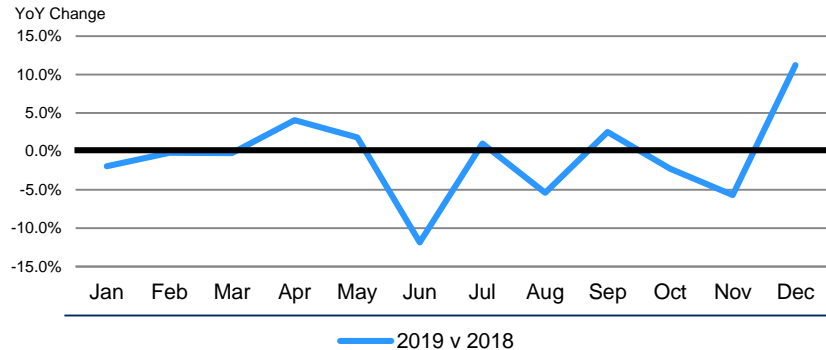
Surveying

- ✓ Successful roll-out of Lloyds Bank surveying and valuation services contract strengthening LSL's position as the leading provider of surveying services in the UK
- ✓ In June 2019, the Surveying Division was awarded an extension to its contract to supply UK residential survey and valuation services to a major high street bank
- ✓ Started programme to leverage the scale benefits of the Surveying Division with the aim of improving cost efficiency

LSL is well positioned to take advantage of new opportunities, to adapt quickly to market conditions and drive further positive progress for the Group

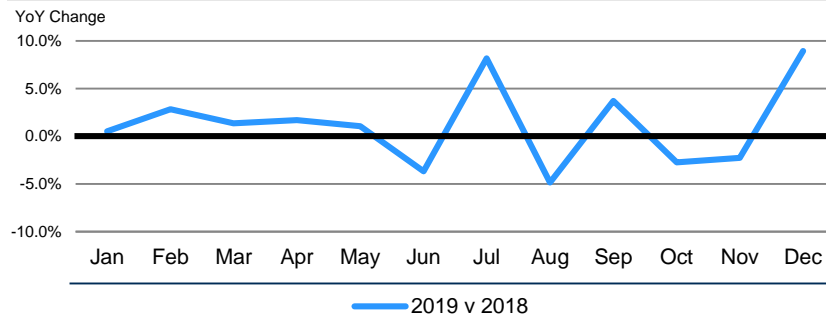
Market Dynamics – Estate Agency

Property Transactions¹



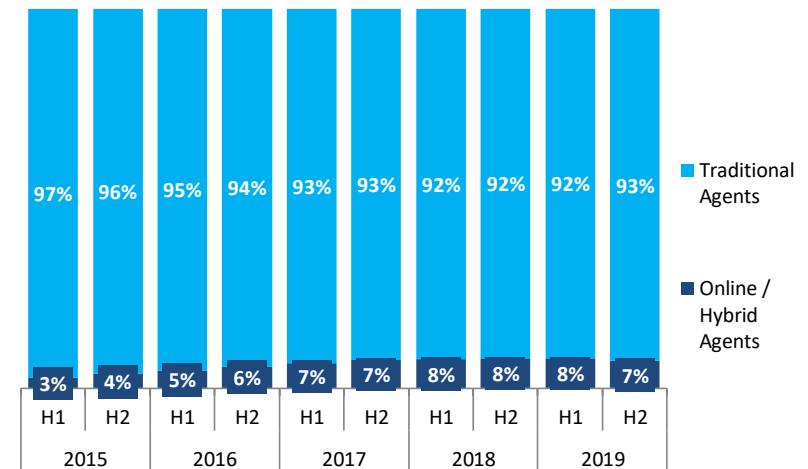
- HMRC UK Housing Transactions were down 0.9% in 2019, with a stronger performance in December following the outcome of the General Election in December

Approvals for House Purchases³



- The UK residential property sales market remained subdued for the majority of 2019 with a stronger performance in December following the outcome of the UK General Election
- HM Land Registry Property Transactions in 2019 decreased by 7.4% YoY
- Rightmove Total Market Residential New Instructions in 2019 decreased by 7.4% YoY

Share of housing stock available for sale by volume²



- The proportion of residential housing stock available for sale with online and hybrid estate agents sector fell to 7% in H2 2019. This is the first decline since tracking commenced
- Traditional estate agents continue to represent the substantial majority of the Residential Sales and Lettings markets, and LSL believes this will continue for the foreseeable future and that Estate Agency branches will remain core to providing the service our customers expect



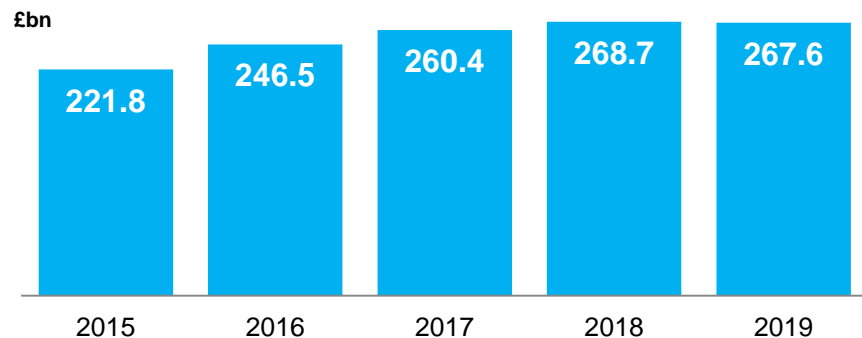
¹ Source: HMRC – UK Property Transactions

² Source: LSL sourced data analysis

³ Source: Bank of England House Purchase Approvals data

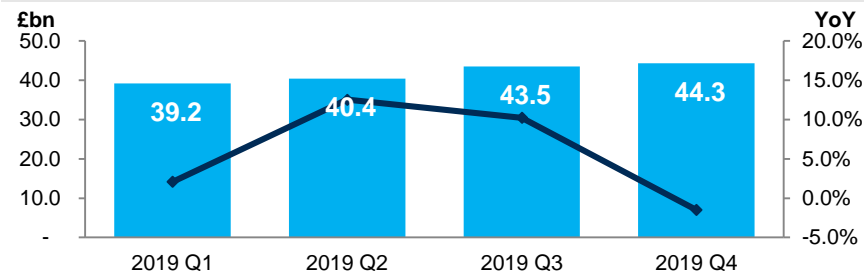
Market Dynamics – Financial Services

Gross new mortgage lending¹



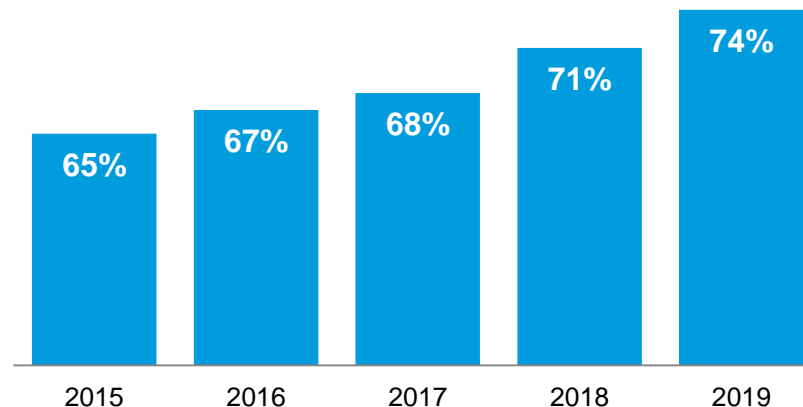
- Gross new mortgage lending (excluding product transfers) was broadly flat at £267.6bn (2018: £268.7bn)

Product transfer lending²



- Product transfers in 2019² increased by 5% YoY to £167bn (2018: £159bn)
- Product transfers represented 38% of total mortgage lending market during 2019² (2018: 37%)
- Total mortgage lending market in 2019² was £435bn (2018: £428bn)

Percentage of intermediary market share for residential property excluding BTL and product transfers³



- The share of new residential lending sold via intermediaries continued to grow in 2019 to 74% of the market
- 4% growth in lending volume sold via intermediaries compared to the same period last year



¹ Source: UK Finance New mortgage lending by type of lender (excludes product transfers)

² Source: UK Finance Mortgage product transfers – Product transfers are where the borrower moves to a new deal rate with the same lender

³ Source: UK Finance New residential lending sold direct and via intermediaries

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Group Financials: Summary

	2019	2018	Change
P&L (£m)			
Revenue	311.1	324.6	-4%
Group Underlying Operating Profit	37.0	35.9	3%
<i>Group Underlying Operating Margin</i>	11.9%	11.1%	
Group Adjusted EBITDA	51.9	41.6	25%
Net exceptional gain/(loss)	(13.2)	(3.0)	
Profit before Tax	16.0	23.1	-31%
Cash-flow (£m)			
Cash-flow from operations ¹	38.8	36.9	5%
Cash-flow conversion ²	105%	103%	
Dividends (pence)			
Adjusted Earnings Per Share	28.0	27.2	3%
Full year dividend Per Share	11.2	10.9	3%

Financial Summary

- Total Revenue fell 4%, Total Revenue up 4% year on year after adjusting for the reshaping of the Your Move and Reeds Rains branch networks and acquisitions during 2018
- Group Underlying Operating Profit up 3%, Group Adjusted EBITDA up 25%. Excluding the impact of IFRS 16, Group Underlying Operating Profit was 1% ahead of prior year and Group Adjusted EBITDA in 2019 was down 2%
- Total net exceptional costs in 2019 comprised £2.5m of exceptional gain relating to the historical PI Costs provision and exceptional costs of £15.7m predominantly from the reshaping of the branch network announced on 5th February 2019
- Cash flow from operations and cash conversion improved compared to the prior year

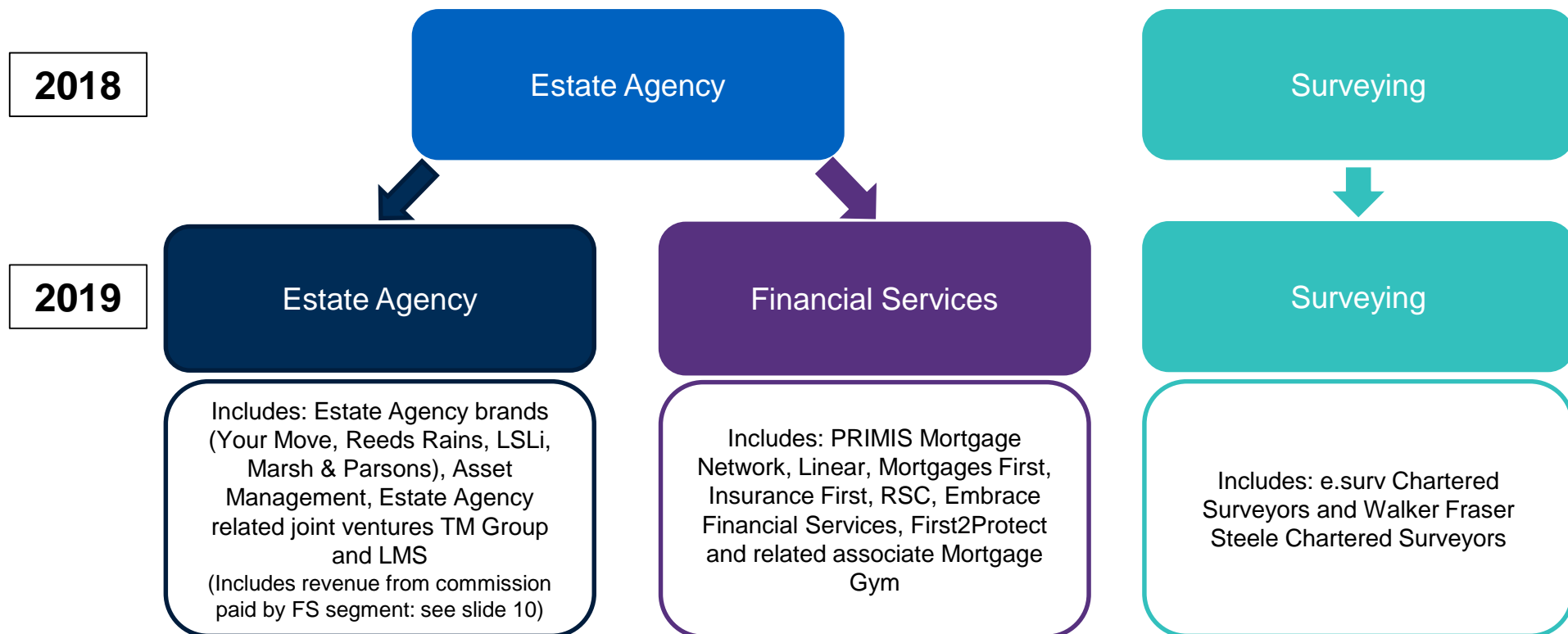


¹ Cash-flow from operations is adjusted for PI Costs payments, exceptionals and revaluation of financial assets, and the impact of IFRS16

² Conversion of Group Underlying Operating Profit to cash-flow as adjusted for PI Costs payments, exceptionals and revaluation of financial assets, and the impact of IFRS16

LSL Change to Segmental Reporting

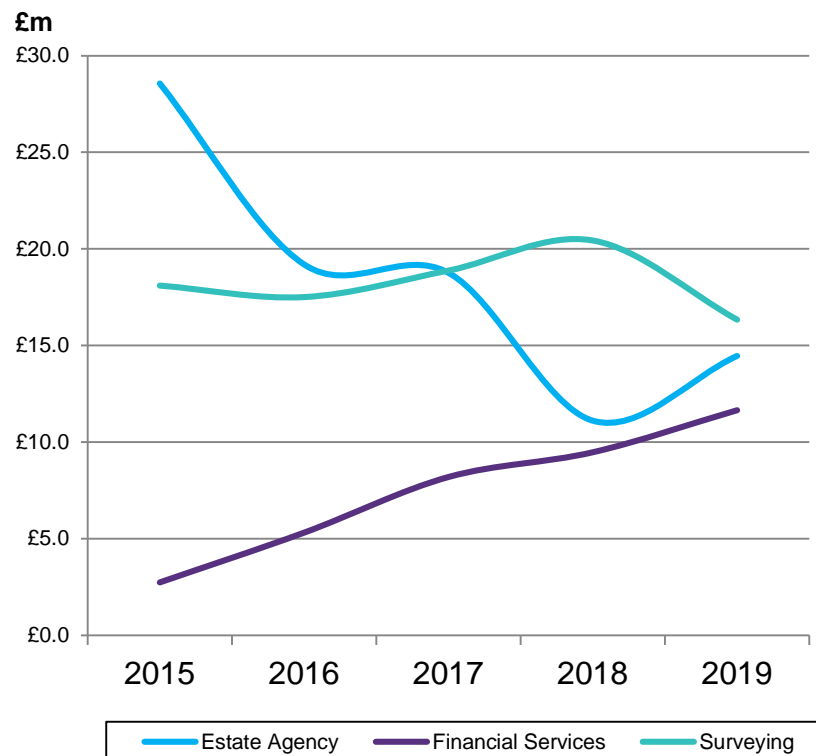
To reflect the increased importance of LSL's Financial Services businesses, since 1st January 2019 LSL has been reporting three segments: Estate Agency; Financial Services; and Surveying and Valuation Services



Segmental Operating Profit Performance

5 Year Operating Profit History demonstrates the growth of Financial Services

5 Year Segmental Operating Profit History



Revenue (£m)	2015	2016	2017	2018	2019
Estate Agency	199.6	194.1	189.5	183.8	154.9
Financial Services	36.9	49.0	57.9	71.0	69.8
Surveying	64.1	64.7	64.1	69.8	86.4
LSL Group Total	300.6	307.8	311.5	324.6	311.1

Operating Profit (£m)	2015	2016	2017	2018	2019
Estate Agency	28.6	19.2	18.7	11.1	14.5
Financial Services	2.7	5.3	8.2	9.5	11.6
Surveying	18.1	17.5	18.9	20.4	16.3
Unallocated	(6.5)	(7.4)	(8.3)	(5.1)	(5.4)
LSL Group Total	42.9	34.6	37.5	35.9	37.0

LSL Change to Segmental Reporting: Prior Year Financial Comparative Restatement

	2019	2018	Restate Adjustment	2018 Restated
Revenue (£m)		Previous segments		Current segments
Estate Agency	154.9	254.8	(71.0)	183.8
Financial Services	69.8	-	71.0	71.0
Surveying	86.4	69.8	-	69.8
Unallocated	-	-	-	-
LSL Group Total	311.1	324.6	0.0	324.6

	2019	2018	Restate Adjustment	2018 Restated
Underlying Operating Profit (£m)		Previous segments		Current segments
Estate Agency	14.5	20.6	(9.5)	11.1
Financial Services	11.6	-	9.5	9.5
Surveying	16.3	20.4	-	20.4
Unallocated	(5.4)	(5.1)	-	(5.1)
LSL Group Total	37.0	35.9	0.0	35.9

	2019	2018	Restate Adjustment	2018 Restated
Total Financial Services Revenue (£m)		Previous segments		Current segments
Estate Agency	13.6	87.4	(71.0)	16.4
Financial Services	69.8	-	71.0	71.0
LSL Group Total	83.4	87.4	0.0	87.4

- The prior year financial results for the Estate Agency and Financial Services Divisions contained within this presentation are restated to reflect the current segment reporting basis
- Following the change to LSL's segmental reporting effective from 1st January 2019, the Estate Agency Division receives a commercially agreed commission payment from the Financial Services segment (Embrace Financial Services and First2Protect). This arrangement reflects Financial Services income generated from the Estate Agency segment and was £13.6m in 2019

Estate Agency: Financial Performance

Strong Underlying Operating Profit performance

	2019	2018 Restated	Change
P&L (£m)			
Residential Sales exchange Income	57.7	69.9	-17%
Lettings Income	67.3	76.6	-12%
Financial Services Income	13.6	16.4	-17%
Asset Management Income	5.3	5.5	-4%
Other Income	11.1	15.4	-29%
Total Revenue	154.9	183.8	-16%
Expenditure	(140.5)	(172.7)	-19%
Underlying Operating Profit	14.5	11.1	30%
<i>Underlying Operating Margin</i>	9.3%	6.0%	
KPIs			
Exchange units (000's)	16.7	22.7	-27%
Fees per unit (£)	3,452	3,071	12%
Market data			
House purchase approvals ¹ (000's)	789	781	1%
HMRC transactions ² (000's)	1,181	1,191	-1%
Repossessions ³ (000's)	8.0	6.9	16%

- Strong Operating Profit growth and margin improvement benefiting materially from the Your Move and Reeds Rains branch networks restructure. Adjusting for the branch network restructure, total revenue was down 5%
- Residential Sales exchange income reduced by 17% materially impacted by the planned reduction in the size of the Your Move and Reeds Rains branch networks during Q1 2019. Adjusted for the branch reshaping, Residential Sales exchange income was down 3% year on year
- Lettings income decreased by 12%. Excluding the impact of the Your Move and Reeds Rains branch reshaping LFL lettings income fell by 4%
- Cost reduction of 19% predominantly as a result of Your Move and Reeds Rains reshaping programme

Estate Agency: Marsh & Parsons Financial Performance¹

Resilient performance despite a challenging London market

	2019	2018	Change
P&L (£m)			
Total Revenue	32.4	33.5	-3%
<i>Residential Sales exchange Income</i>	11.2	11.7	-5%
<i>Lettings Income</i>	20.7	21.2	-2%
<i>Other Income</i>	0.6	0.6	5%
Expenditure	(30.1)	(31.2)	3%
Underlying Operating Profit	2.3	2.3	-2%
<i>Underlying Operating Margin</i>	7.1%	7.0%	
Adjusted EBITDA (reported)	6.2	3.4	82%

- Resilient top line performance given overall challenging prime Central London market, with revenue down by 3%
- Residential Sales exchange income down by 5%, impacted by the London market conditions
- Lettings performance reduced by 2% with the lettings stock shortage particularly impacting the prime Central London market
- Costs down 3% year-on-year despite the opening of two new branches in 2019, and the full year impact of the opening in 2018 (adjusted for IFRS 16 down 2%)
- Excluding the impact of IFRS16, Underlying Operating Profit was £1.7m (2018: £2.3m) and Adjusted EBITDA was £2.8m (2018: £3.4m)

¹ Included in Estate Agency financial performance on slide 11

Financial Services: Financial Performance

Strong Underlying Operating Profit performance

	2019	2018 Restated	Change
P&L (£m)			
Total Revenue	69.8	71.0	-2%
Expenditure	(58.2)	(61.5)	5%
Underlying Operating Profit	11.6	9.5	23%
<i>Underlying Operating Margin</i>	16.7%	13.3%	
KPIs			
LSL Mortgage Completion Lending (£bn) ¹	31.7	29.0	9%
Total advisers at 31 st December	2,392	2,321	3%
Number of AR firms at 31 st December	878	841	4%
Market Data			
Gross New Mortgage Lending (£bn) ²	267.6	268.7	-

- Delivered a strong Underlying Operating Profit performance up 23%
- Financial Services organic revenue growth, excluding Estate Agency, in 2019 was 1%
- Advisor numbers increased by 3% year-on-year, including the reshaping of the Your Move and Reeds Rains branch networks

¹ LSL mortgage completions quoted include product transfers

² Source: UK Finance New mortgage lending by type of lender (excludes product transfers)



Surveying: Financial Performance

Underlying Operating Profit impacted by market conditions and business mix

	2019	2018	Change
P&L (£m)			
Total Revenue	86.4	69.8	24%
Expenditure	(70.0)	(49.4)	42%
Underlying Operating Profit	16.3	20.4	-20%
<i>Underlying Operating Margin</i>	18.9%	29.3%	
KPIs			
Jobs performed (000's)	508	366	39%
Revenue from private surveys (£m)	1.8	2.1	-16%
Income per job (£)	170	191	-11%
Number of operational surveyors at 31 st Dec ¹	514	503	2%
Balance Sheet (£m)			
PI Costs Provision at 31 st December	(8.2)	(12.4)	-34%

- The Surveying Division delivered Underlying Operating Profit of £16.3m (2018: £20.4m) impacted by market volumes, and increased headcount from the transfer of Lloyds Bank plc personnel to e.surv following the award of the new valuation services contract in May 2018
- Total Surveying Division expenditure increased to £70.0m (2018: £49.4m) reflecting the increased headcount from the transfer of Lloyds Bank plc surveyors and associated personnel to e.surv
- Surveying revenue increased by 24% to £86.4m (2018: £69.8m) due to the new contract with Lloyds Bank plc, which was awarded in May 2018
- Continued positive progress in addressing historical PI claims with a £2.5m exceptional provision release in 2019 as claims were settled below previous expectations

¹ FTE (Full Time Equivalent)



Financial Performance: Exceptionals

	2019	2018
Exceptionals Items (£m)		
Exceptional gains:		
Historical PI Costs provision release	2.5	2.2
Exceptional costs:		
Branch / centre closures and restructuring costs	(14.6)	(2.0)
Surveying contract transition & integration costs and other	(1.1)	(3.2)
Net exceptional cost	(13.2)	(3.0)

- Total net exceptional costs in 2019 were £13.2m (2018: £3.0m) comprising £2.5m of exceptional gain relating to the historical PI Costs provision and exceptional costs of £15.7m
- Exceptional restructuring costs of £14.6m in 2019 including the reshaping of the Your Move and Reeds Rains branch networks
- Continued positive progress in addressing historical Professional Indemnity (PI) claims with a £2.5m exceptional release
- PI payments of £2.3m in 2019 with the PI costs provision further reducing to £8.2m

	2019	2018
PI (£m)		
PI Costs provision	(8.2)	(12.4)
PI cash payments	(2.3)	(1.7)

Financial Performance: IFRS16 impact (Leases)

	2019 Pre - IFRS 16	IFRS16 impact	2019 Post - IFRS 16	No impact on cash or business operations
Income Statement (£m)				
Revenue	311.1		311.1	
Operating costs	(270.1)	10.9	(259.2)	Lease rental costs removed, other than short-term and/or low value leases
Depreciation	(4.7)	(10.1)	(14.8)	Depreciation on right-of-use assets recognised
Group Underlying Operating Profit	36.2	0.8	37.0	c.75% of the IFRS 16 impact is in M&P due to higher lease cost and lease length
Group Underlying Operating Margin	11.6%		11.9%	
Net financial costs	(2.0)	(1.7)	(3.7)	Increase due to interest on lease liabilities recognised
Profit before tax	16.9	(0.9)	16.0	PBT will equalise over the long term on an individual asset basis
EBITDA	40.9	10.9	51.9	
Gearing ratio	1.02x		0.81x	
Balance Sheet (£m)				
Non-current Financial assets	13.3	36.2	49.6	Recognition of right-of-use assets, being £30.9m Leasehold properties and £5.3m Vehicles
Current Financial liabilities	1.7	9.4	11.1	Recognition of lease liabilities
Non-current Financial liabilities	46.2	27.8	74.0	Recognition of lease liabilities
Cash-flow (£m)				
IFRS16 Depreciation	-	10.1	10.1	
IFRS16 lease changes in working capital	-	(0.4)	(0.4)	
IFRS16 lease liability interest	-	1.7	1.7	
IFRS16 lease liability repayments	-	(11.4)	(11.4)	Lease rental cash-flows reclassified from operating to financing activities
Net cash-flow	-	-	-	No cash impact

Group Financials: Cash-flow

	2019	2018
Operating Cash-flows (£m)		
Group Underlying Operating profit¹	37.0	35.9
Depreciation (PPE only), working capital etc.	1.8	1.0
Cash-flow from operations (pre PI and exceptionals)²	38.8	36.9
PI Costs Payments	(2.3)	(1.7)
Exceptional costs	(8.8)	(3.3)
Cash-flow from operations (post PI and exceptionals)	27.7	31.9
Acquisitions	(2.7)	(7.7)
Cash acquired on acquisitions	-	6.9
Investment: investments & revaluations in JVs / financial assets/ contingent & deferred consideration / loan notes	(10.9)	(7.4)
Capital expenditure	(4.5)	(5.7)
Dividends paid	(11.2)	(11.6)
Interest, tax and other	(8.2)	(8.5)
Net Cash-flow	(9.8)	(2.1)
Opening Net Bank Debt at 1st January	(32.1)	(30.0)
Closing Net Bank Debt at 31st Dec	(41.9)	(32.1)

- Strong cash from operations converting 105% of Group Underlying Operating Profit to cash-flow from operations (pre PI and exceptionals and excluding IFRS 16) (2018: 103%)
- 2019 Net Bank Debt of £41.9m at 0.8x³ Group Adjusted EBITDA (2018: 0.8x). Adjusting for the impact of IFRS 16 2019 leverage was 1.0x (2018: 0.8x)
- Acquisitions of £2.7m for 7 lettings books for initial consideration (£3.0m total consideration)
- Investments include £2.0m PTFS deferred consideration and £7.4m contingent consideration for Group First

¹ Includes the IFRS 16 impact on Group Underlying Operating profit as detailed on slide 16

² Cash-flow from operations is adjusted for PI Costs payments, exceptionals and revaluation of financial assets

³ Post IFRS 16

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Strategy and Outlook

1

Market overview - volume & house price trends

2

Delivering on LSL's strategy

3

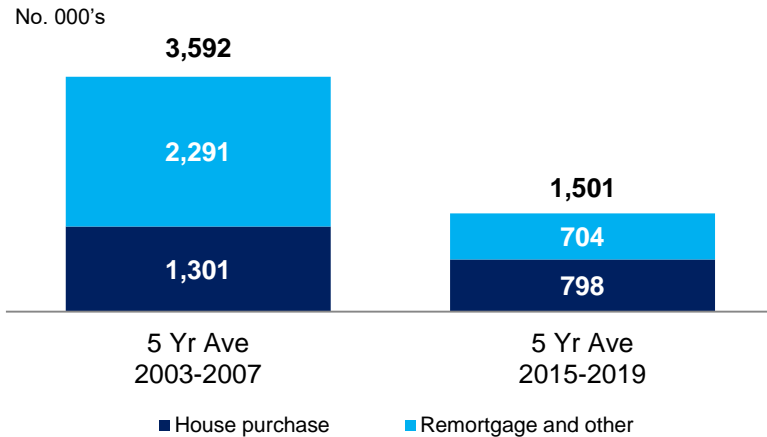
Outlook



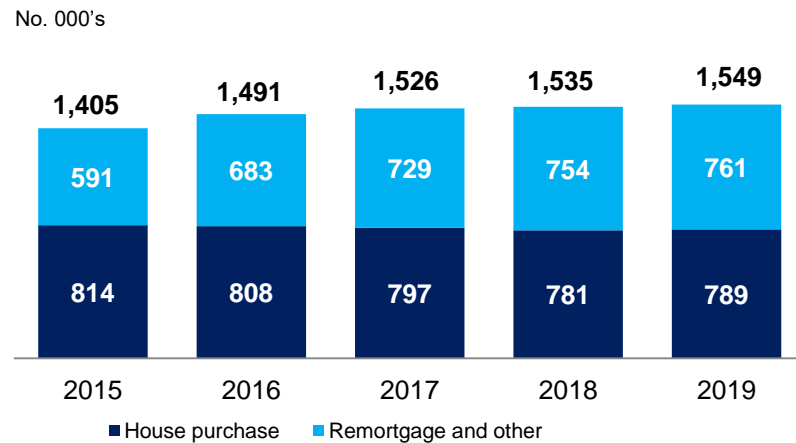
1 Market Overview: Volume Trends

Subdued residential market conditions during 2019

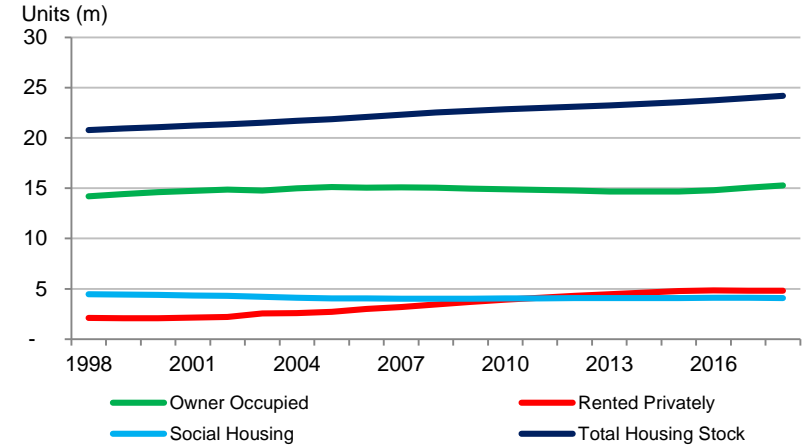
BoE: 5 Year Average Approvals Volume¹



BoE: Mortgage and House Purchase Approvals¹



Housing Stock: Dwelling stock by tenure²



¹ Source: Bank of England House Purchase Approvals data

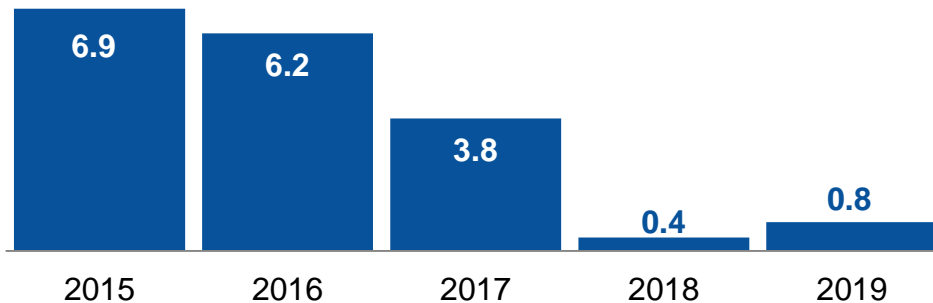
² Source: gov.uk housing statistics tables

1 Market Overview: House Price Trends

Annual change in house price growth remains modest

England and Wales – House Price Changes¹

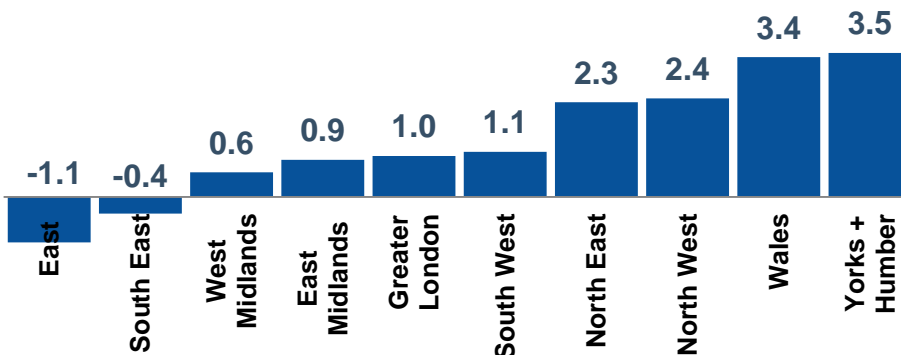
(% YoY)



- Average house prices in England and Wales increased by 0.8% to £304k

House Price Movements by Region during 2019¹

(% YoY)



- Excluding London and the South East, the rest of England and Wales showed house price growth of 1.6%



2 LSL Strategy: LSL plans to continue to execute on its stated strategy, positioning the Group for success across a range of market conditions

Mid-term focus

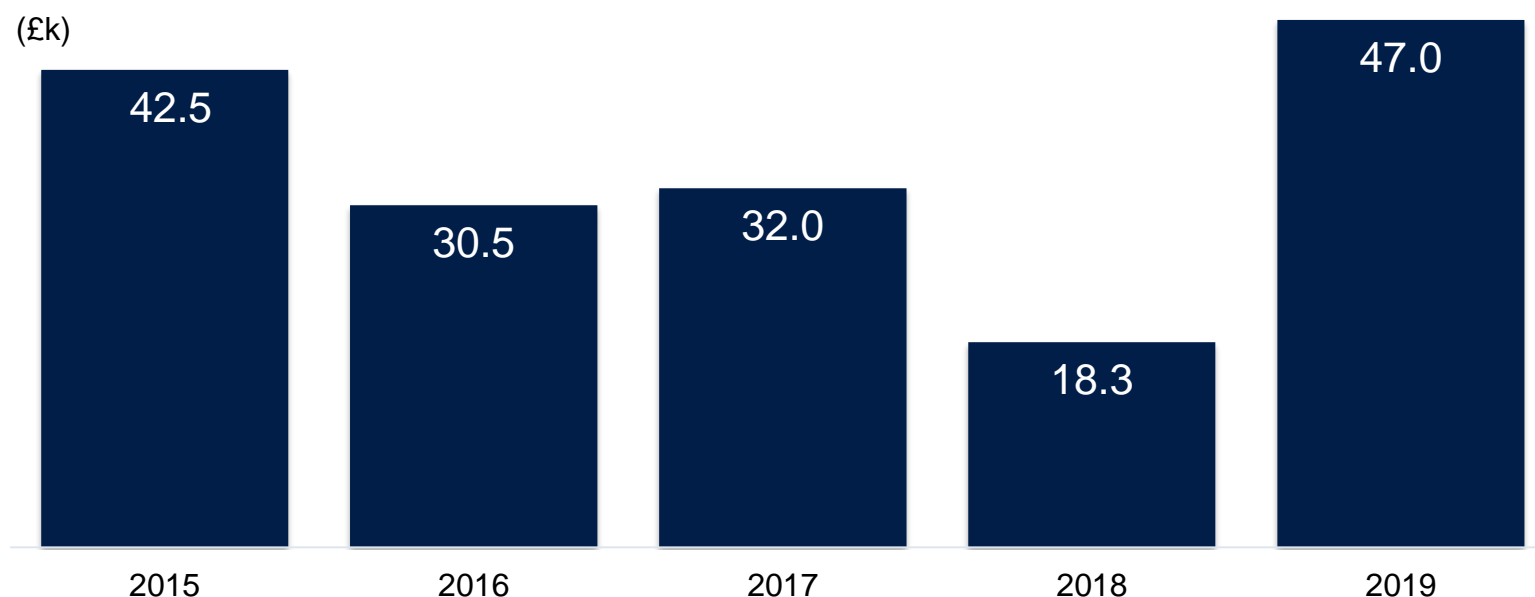
Estate Agency	Drive operating profit per branch	Medium term ambition to achieve £80k to £100k profit per branch ¹
	Marsh & Parsons branch rollout	Ambition to expand the number of branches to 36 in the medium term focusing outside prime Central London
	Increase recurring and counter cyclical income	Continuation of lettings book acquisitions
Financial Services	Enhance Financial Services position	Further strengthen LSL's position as a leading distributor of mortgage and non-investment insurance products
	Consistent delivery of appropriate outcomes for consumers	Focus on "best practice" standards of regulatory compliance
	Enhancement of technology solutions	Improve the customer experience and operational efficiency
	Selective acquisitions/investments	Assess further selective acquisitions
Surveying	Optimise contract performance	Continued focus and performance on contracts
	Improve cost efficiency and capacity utilisation	Further improvement in efficiency and capacity utilisation, leveraging from scale benefits
	Enhance proposition and deliver further improvements to risk management through the enhanced IT platform	Implement further functionality of IT system to drive improvements in customer satisfaction and performance
	Add capacity through graduate programme	Continue investment in graduate programme



2 Estate Agency Strategy: Drive Operating Profit per Branch

The ambition is to achieve £80k to £100k profit per branch in the medium term for Reeds Rains, Your Move and LSLi branches

Estate Agency Operating Profit per Branch



The ambition to achieve £80k to £100k profit per branch in the medium term is based on the expectation of a normalised level of market transactions in the UK residential property sales market

¹ The profit per branch methodology has been consistently applied since the profit per branch ambition of £80k-£100k was first announced by LSL in March 2014. Profit per branch is calculated for Your Move, Reeds Rains and the LSLi owned branches and excludes Marsh & Parsons

2 Estate Agency Strategy: Ways of Working Programme

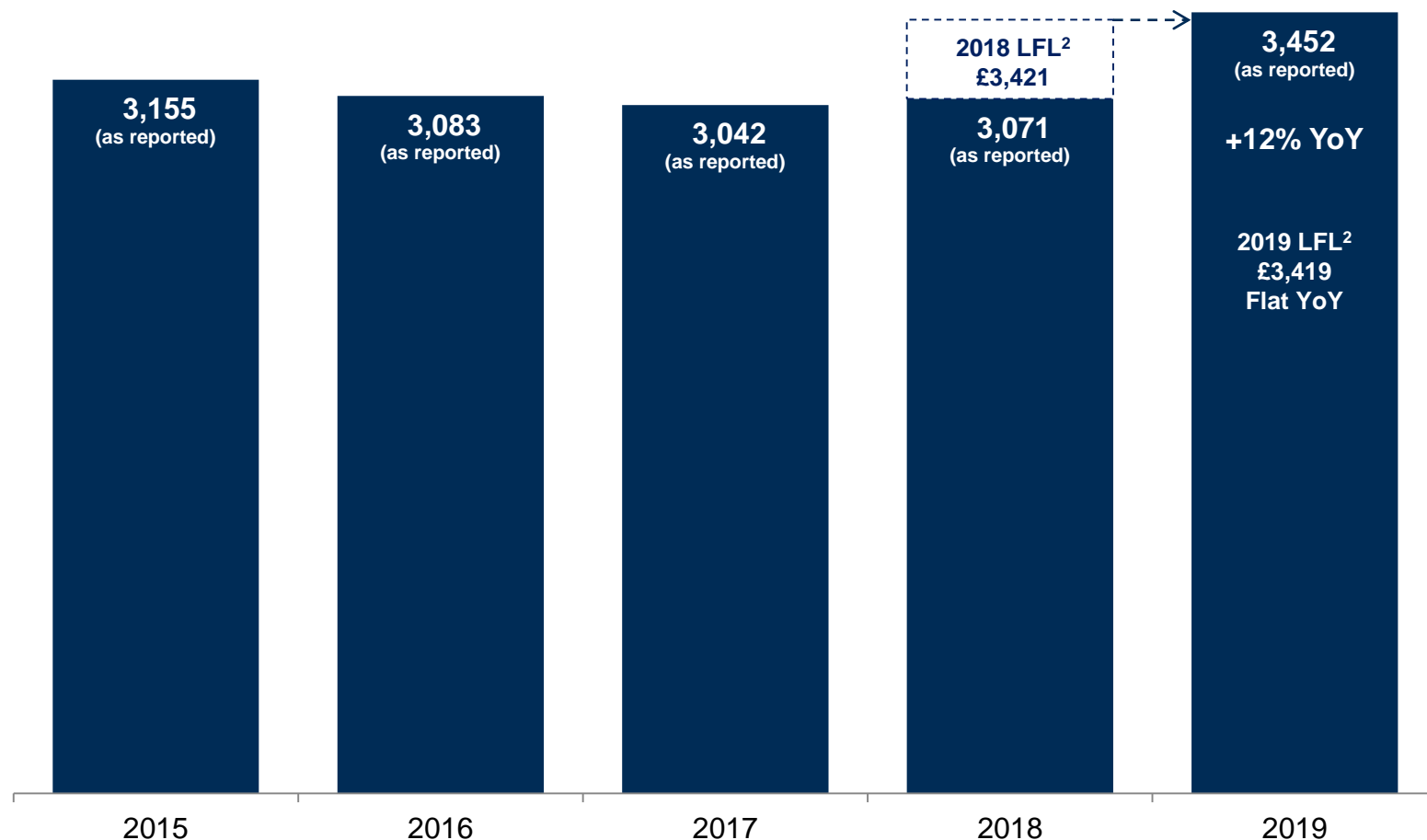
Reshaping the Your Move and Reeds Rains branch networks

- The changes to the structure of the Your Move and Reeds Rains estate agency branch network and operations announced by LSL on 5th February 2019 were completed in line with expectations
- The Your Move and Reeds Rains branch network reduced from 308 to 144 keystone branches following the closure and merging of 81 neighbouring branches into the keystone branch network, the franchising of 39 branches to an existing franchisee and the closure of 44 branches
- Delivering the ways of working programme into Your Move and Reeds Rains has delivered material improvement in Your Move and Reeds Rains operating profit in 2019, ahead of expectations

2 Estate Agency Strategy: Fees

Average Residential Sales exchange fee¹ (£)

LSL has been highly disciplined in its Residential Sales exchange fee strategy



¹ CAGR measured over period 2015-2019 for all brands (Your Move, Reeds Rains, LSLi and Marsh & Parsons)

² After adjusting for the changes to the structure of the Your Move and Reeds Rains estate agency branch network and operations announced by LSL on 5th February 2019

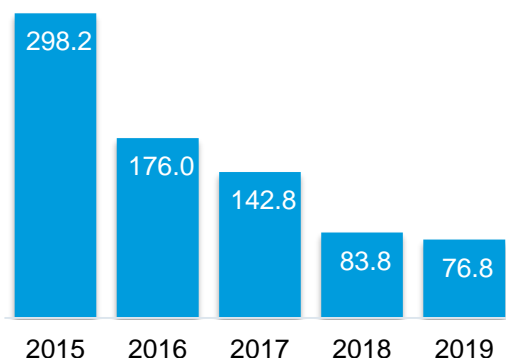


2 Estate Agency Strategy: Marsh & Parsons Branch Rollout

Marsh & Parsons is an award winning estate agency operating in London

Profit per branch¹

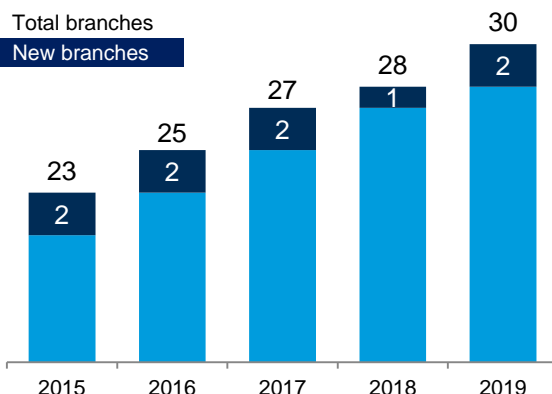
(£k)



M&P delivers higher branch profitability

- Prime Central London is currently facing tough trading conditions
- Outer prime Central London has not been as negatively impacted as prime Central London
- The ambition is to expand the number of branches to 36 in the medium term (30 branches as at 31st December 2019) particularly outside prime central London

Marsh & Parsons New Branch Openings



- New branches in outer prime Central London locations of Willesden Green and Streatham Hill were opened in March and April 2019 respectively and are both performing in line with expectations
- Further new offices under evaluation

MARSH & PARSONS

Willesden Green opened in March 2019



Streatham Hill opened in April 2019



LSL Property Services plc

2019 YEAR END RESULTS PRESENTATION

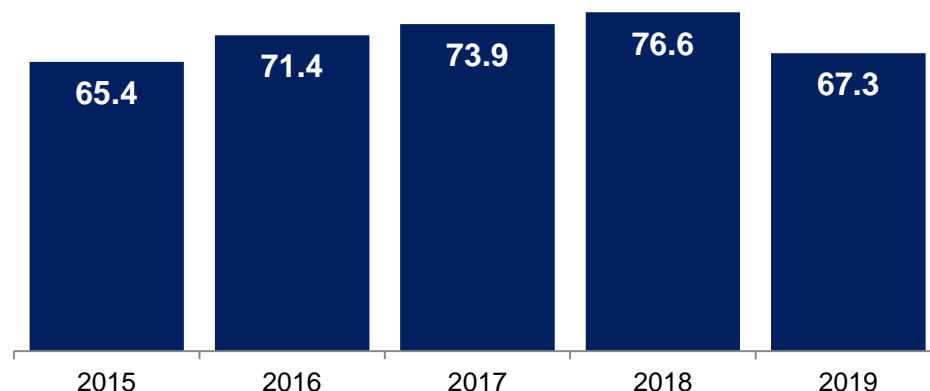
¹ high street locations from which M&P operates and on a post IFRS 16 operating profit basis

2 Estate Agency Strategy: Recurring Income Streams

Lettings Income adjusted for the Your Move and Reeds Rains branch network reshaping was down 4%¹ year on year

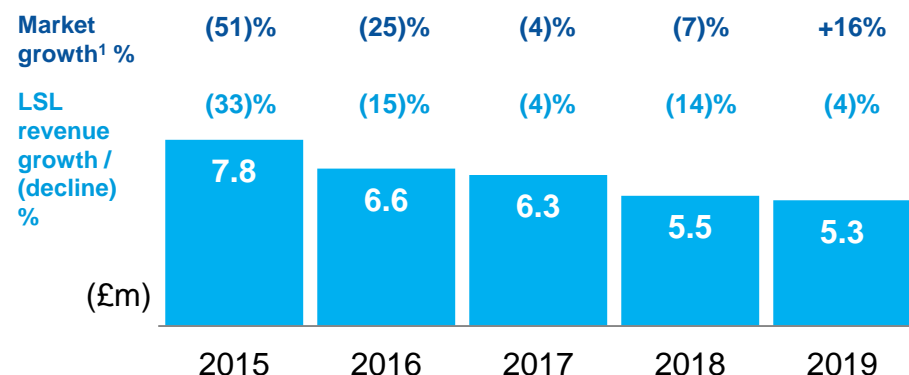
Recurring Revenue (Lettings) – reported revenue

(£m)



- LSL has acquired seven lettings books during 2019 for total consideration of £3.0m, and continues to evaluate further acquisition opportunities
- Legislation banning tenant fees came into effect on 1st June 2019 and LSL implemented the required changes across its Estate Agency brands
- LSL continues to implement operational measures in lettings with the aim of optimising lettings income
- The plan is that the lettings book acquisition programme will continue in 2020

Counter-cyclical Revenue (Asset Management)



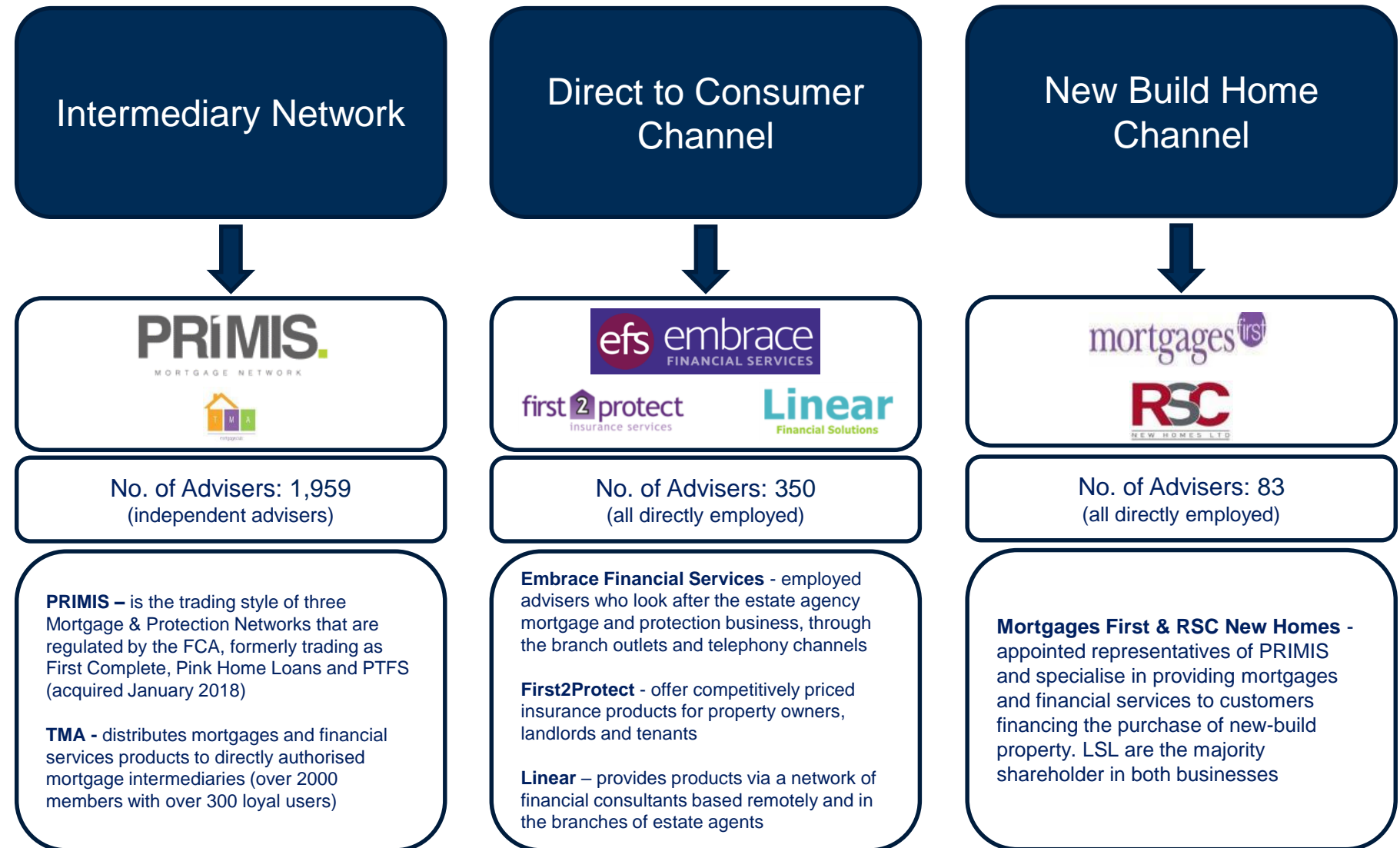
- Asset Management revenue has largely performed ahead of market conditions over the 5 year period



¹ After adjusting for the changes to the structure of the Your Move and Reeds Rains estate agency branch network and operations announced by LSL on 5th February 2019

² Source: UK Finance "Possessions on mortgaged properties"

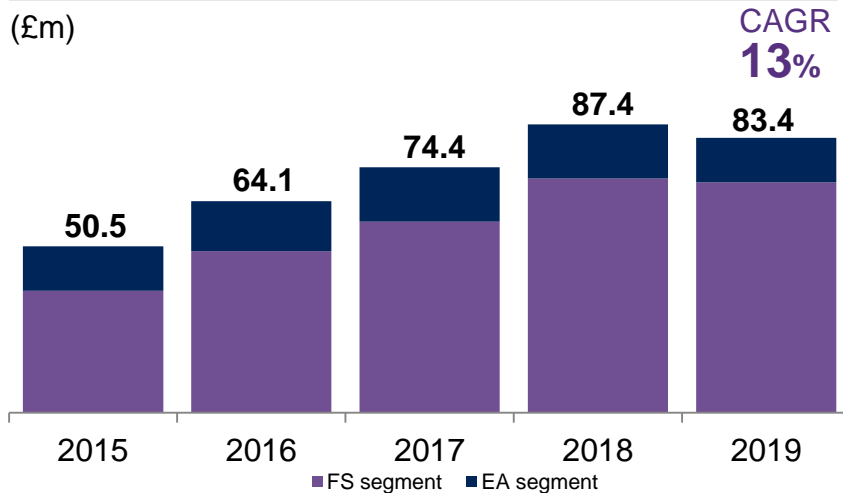
2 Financial Services Strategy: Distribution Channels



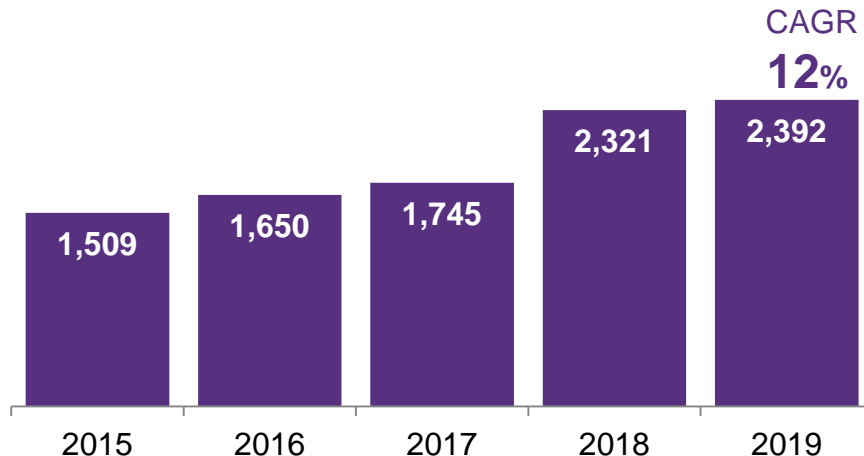
2 Financial Services Strategy

Financial Services Revenue

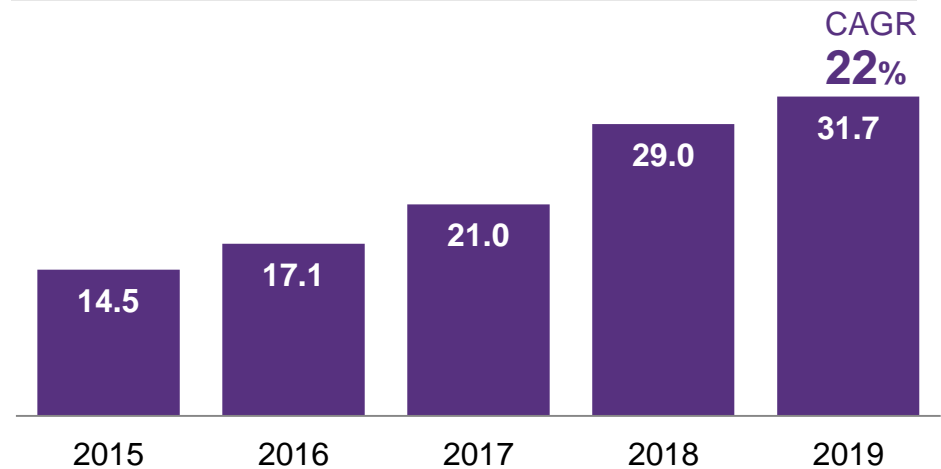
(£m)



Adviser Numbers



LSL Financial Services mortgage completions (£bn)¹



- Total LSL Group Financial Services revenues, including Estate Agency, were down 5% in 2019
- Excluding Estate Agency, Financial Services revenues² increased by 5%
- Organic growth has been achieved through adviser number growth and productivity gains
- Selective acquisition of Financial Services businesses during the last 2 years has enabled LSL to increase scale and market share
- Strong growth in the value of LSL's mortgage completions with the second largest network measured by combined numbers of appointed representative firms³
- LSL gross lending market share⁴ increased to c.8.5% (2018: c.8%)



LSL Property Services plc

2019 YEAR END RESULTS PRESENTATION

¹ LSL mortgage completions quoted include product transfers

² The prior year financial results have been restated to reflect the new segment reporting comparatives

³ Source: Which-Network – network performance figures

⁴ Source: UK Finance New mortgage lending by type of lender (excludes product transfers)

2 Financial Services Strategy

Strategy

- Enhance LSL's position as a leading distributor of mortgage and non-investment insurance products
- Consistent delivery of appropriate outcomes for consumers with a focus on "best practice" standards of regulatory compliance
- Enhancement of technology solutions to improve the customer experience and operational efficiency
- Evaluate further selective Financial Services acquisitions
- Expansion of Embrace Financial Services beyond LSL estate agency brands to independent estate agencies

Brand

- It was announced on the 31st January 2019 that PRIMIS Mortgage Network and PTFS would be joining to trade under the single PRIMIS brand

Technology

- Completion of the roll out of Toolbox operating system to over 2,300 brokers and 500 administrators (part of rationale for acquiring PTFS)
- Investment in MortgageGym provides LSL with access to the digital mortgage marketplace

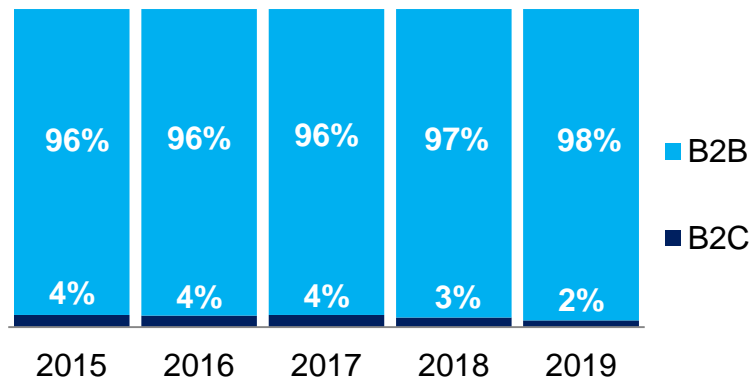
2 Surveying Strategy

Strategy

- Focus on the B2B market where the economics are most favourable
- Optimise contract performance and revenue generation from B2B customers
- During 2019, the Surveying Division was awarded an extension to its contract to supply UK residential survey and valuation services to a major high street bank
- Work is ongoing to leverage the scale benefits of the Surveying Division with the aim of improving cost efficiency
- Use technology to target further improvements in customer satisfaction and performance
- LSL's on-going graduate programme continues to be successful and assists in alleviating the impact of capacity constraints in the market



B2B and B2C revenue



New technology

2019 Developments included

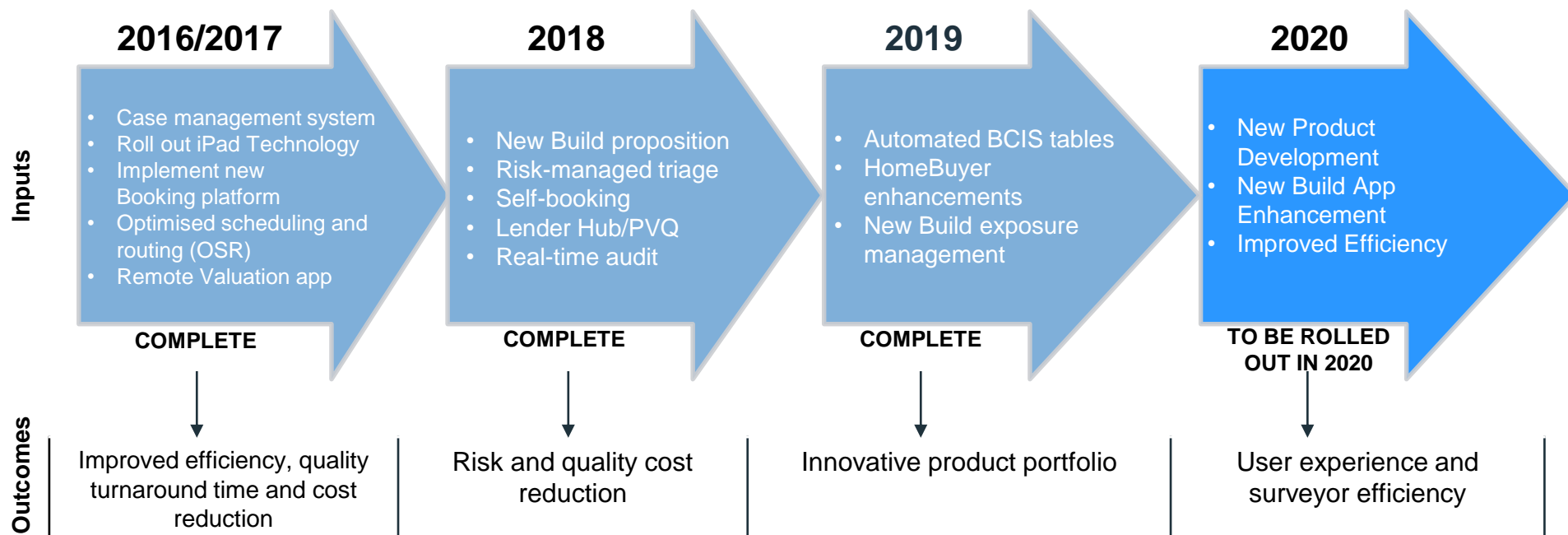
- The technology roll-out continued during 2019 with further functionality releases designed to enhance quality and drive efficiencies e.g. updated surveyor software application to improve the user experience and surveyor efficiency

2 Surveying Strategy

Surveying is focused on delivering against the following principles:

- **Creating the best customer service experience**
- **Providing and consistently delivering a compelling innovation roadmap**
- **Ensuring excellent property risk management expertise**

These strategic aims are underpinned by the ground-breaking technology successfully rolled out by Surveying in 2016 and 2017 with further innovations continuing to be delivered. Surveying is also the only provider with an established and operational Lender Hub



3 Outlook

The Group delivered a highly resilient Revenue and Underlying Operating Profit performance in 2019 in the context of challenging residential market conditions and the introduction of the tenant fee ban on 1st June 2019. This is a strong operational performance, as the successful execution of the stated Group strategy delivered tangible benefits to the Group's financial performance. We continue to deliver a range of proactive strategic and operational initiatives across our business lines, demonstrating the breadth of opportunity across the Group.

Market conditions to date in 2020 have been encouraging, reflected by our Estate Agency sales pipeline at 29th February 2020 being £3.6m ahead of the Board's prior expectations, benefiting from a favourable Estate Agency net sales performance during January and February. The operating profit performance of the Group in the two-month period to 29th February 2020 has been, as expected, circa £2m ahead of the same period in the prior year, benefiting materially from the successful execution of the reshaping of the Your Move and Reeds Rains branch networks, which was announced on 5th February 2019. These benefits have now normalised year-on-year.

Whilst we have been encouraged by the residential property market conditions to date in 2020, the situation regarding the COVID-19 virus is rapidly evolving and we have in recent days, seen some slight softening of our lead sales indicators in Estate Agency. We are monitoring the situation very closely as it may create headwinds for our business in 2020 if changes in consumer behaviour impact residential property market conditions. As and when any potential impact on the Group becomes clearer, we will provide updates as necessary.

The Board intends to propose a final dividend of 7.2p per share, resulting in a full year dividend of 11.2p per share. This is a payout at the upper end of the range of LSL's stated dividend policy, reflecting our confidence in the current level of performance of the business and of our balance sheet strength. Taking into account the unknown potential impact of COVID-19 virus on the UK housing market, the LSL Board will keep the proposed final dividend under review ahead of presenting its proposal to shareholders at the 2020 AGM.

The business is expected to continue to benefit from the range of LSL's ongoing strategic and operational measures. The Group has a robust balance sheet with relatively low levels of gearing and is highly cash generative at an operational level. The Board remain confident of the opportunities for further positive progress for the Group.



Agenda

1.	Group Highlights
2.	Financial Performance
3.	Market Overview, Strategy and Outlook
4.	Q&A
5.	Appendices

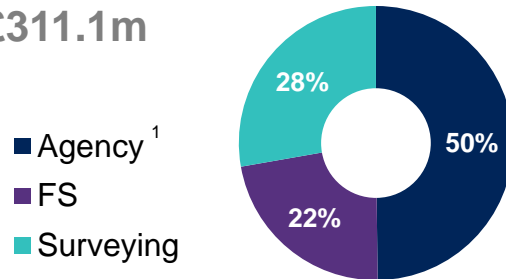


Appendices

LSL Property Services plc: Business Overview

2019 Revenue

£311.1m



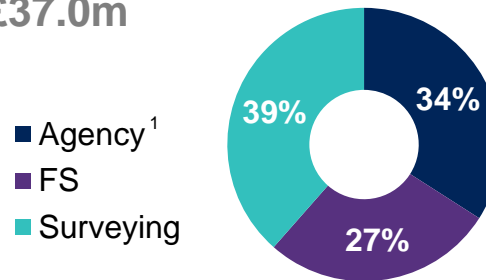
■ Agency¹
■ FS
■ Surveying

¹ Includes Estate Agency branches and Asset Management

² FTE (Full Time Equivalent)

2019 Operating Profit

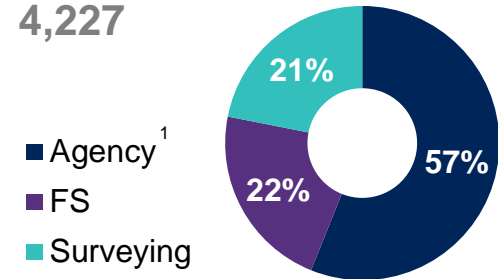
£37.0m



■ Agency¹
■ FS
■ Surveying

2019 Average FTE²

4,227



■ Agency¹
■ FS
■ Surveying

Segments

Business	Primary Channel	Geography	Brands
Estate Agency	B2C	UK	12 ¹
Financial Services	B2C and B2B	UK	8 ²
Surveying	B2B	UK	-

Estate Agency Revenue Split

Marsh & Parsons	22%	Central London London/South East Predominantly North
LSLi	23%	
Reeds Rains	19%	
Your Move	36%	National coverage

Branch numbers (at 31st December 2019)

Business	Owned	Franchise	Total
Your Move	89	80	169
Reeds Rains	55	50	105
Sub-total	144	130	274
LSLi	57	2	59
Agency Branches	201	132	333
Marsh & Parsons	30	-	30
Total	231	132	363



LSL Property Services plc

2019 YEAR END RESULTS PRESENTATION

¹ Excludes Yopa: LSL owns a 8.8% shareholding

² Excludes Mortgage Gym: LSL owns a 34.7% shareholding

Financial Performance: Operating Profit per Branch

Break-down of Operating Profit per Branch

	2019			2018		
	Operating Profit	Branch Numbers	Operating Profit Per Branch	Operating Profit	Branch Numbers	Operating Profit Per Branch
	£m	No.	£k	£m	No.	£k
Estate Agency Branches (excluding Marsh & Parsons)						
Operating profit ¹	9.44			6.67		
Operating branch numbers (owned)		201			365	
Operating profit per branch			47.0			18.3
Marsh & Parsons						
Operating profit ¹	2.30			2.35		
Operating branch numbers		30			28	
Operating profit per branch			76.8			83.8
Other						
Other Estate Agency operating profit (including Asset Management)	2.70			2.08		
Total Estate Agency Division Underlying Operating Profit	14.45			11.10		

2 Estate Agency Strategy: Marsh & Parsons Branch Rollout

Branch Openings since 2013



2013

South Kensington
January 2013



Bishop's Park
June 2013



Marylebone
June 2013



Shepherd's Bush
March 2014



East Sheen
September 2014



2014

Richmond
September 2014



Camden
October 2014



Shoreditch
February 2015



2015

Queen's Park
April 2015



2016

Tooting
January 2016



Tufnell Park
May 2016



2017

Brixton
January 2017



Islington
September 2017



2018

Chiswick
April 2018



Willesden Green
March 2019



2019

Streatham Hill
April 2019



LSL Property Services plc

2019 YEAR END RESULTS PRESENTATION

Disclaimer

This document contains certain statements that are forward-looking statements. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this document and, unless otherwise required by applicable law, LSL undertakes no obligation to update or revise these forward-looking statements. Nothing in this document should be construed as a profit forecast. LSL and its Directors accept no liability to third parties in respect of this document save as would arise under English law. This presentation contains brands that are trademarks and are registered and/or otherwise protected in accordance with applicable law.

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