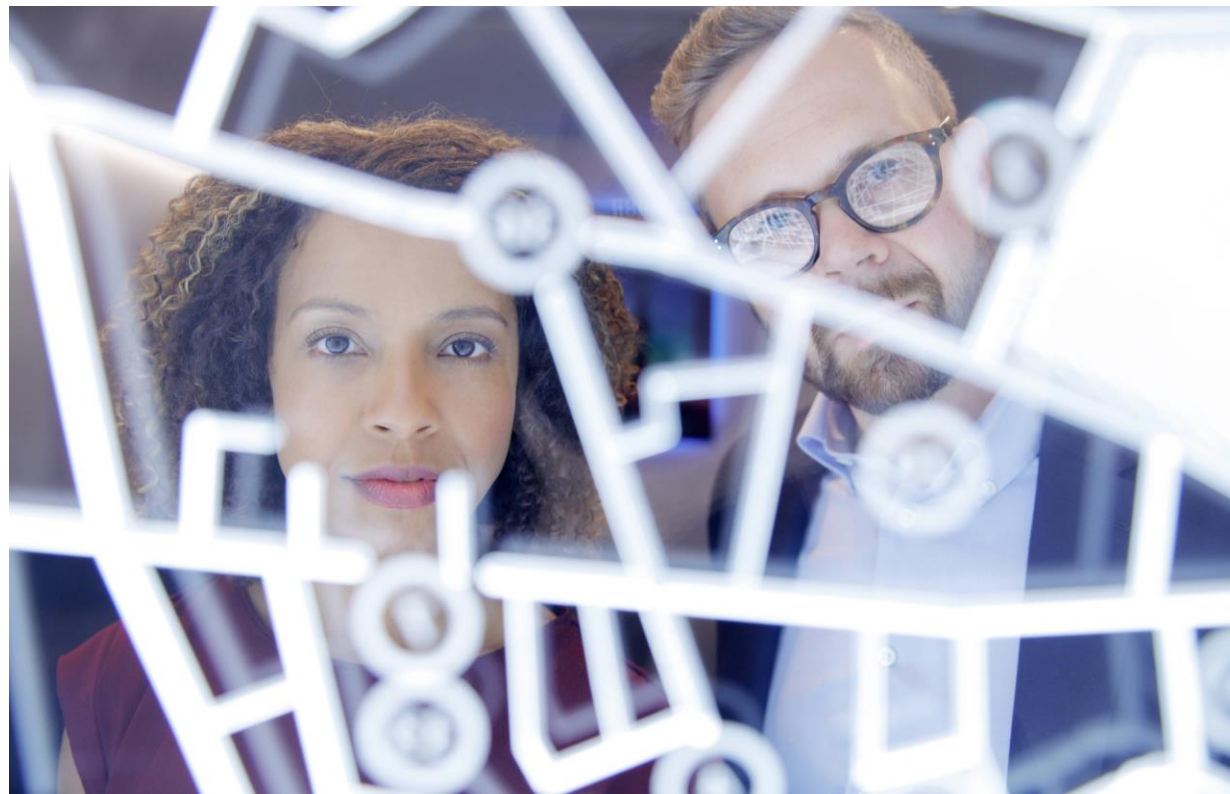


**Growth.  
Focus.  
Execution.  
Technology.  
People.**



# LSL



**Full Year Results**  
for year ended 31 December 2020

LSL is one of the largest providers of services to mortgage intermediaries, specialist mortgage and protection advice to estate agency and new build customers and valuation services to the UK's biggest mortgage lenders.

It also operates a network of 226 owned and 130 franchised estate agency branches.



Best Network 300+ ARs



Mortgage Network  
of the Year



Mortgage Network  
of the Year



Best Intermediary  
Promotion of  
Protection/Health



Best Surveyor/Valuer

# Agenda

## Highlights

Financial and Operating  
Performance

Strategy

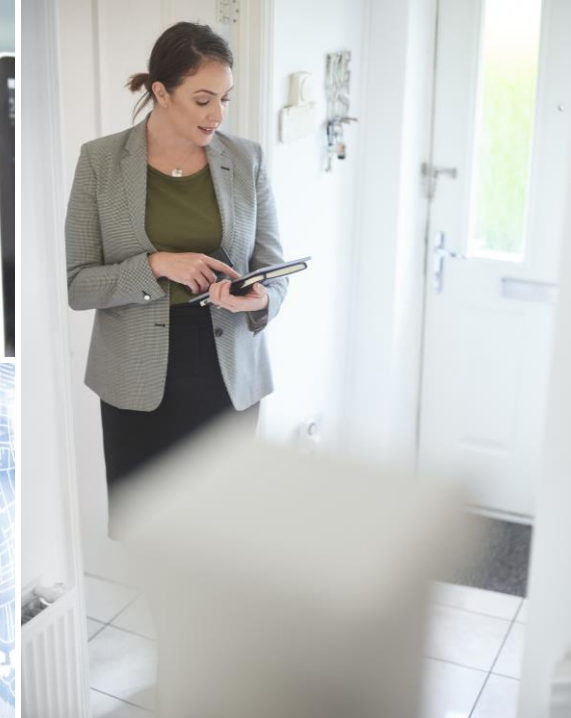
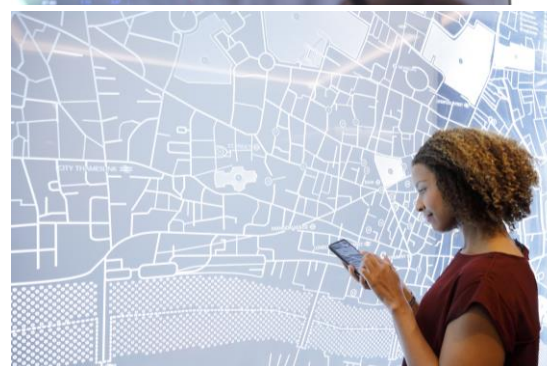
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# Year in Overview

Strong trading performance, initiation of new strategy, strengthened management team provided platform for new acquisitions and major strategic partnerships

	2020: Q1	Q2	Q3	Q4	2021: Q1
<b>Highlights</b>	<ul style="list-style-type: none"> <li>Strong trading</li> <li>Decisive response to emergence of COVID-19, cancelling pay rises and final dividend</li> <li>Initiated working from home</li> </ul>	<ul style="list-style-type: none"> <li>Cash conservation</li> <li>Used furlough scheme to protect jobs and capability</li> <li>Stress testing</li> <li>Effective lockdown exit</li> </ul>	<ul style="list-style-type: none"> <li>Strong market conditions</li> <li>Built pipelines</li> <li>Initiated strategic review</li> </ul>	<ul style="list-style-type: none"> <li>Strong trading</li> <li>Secured board support for strategic direction</li> <li>Initiated strategic execution</li> </ul>	<ul style="list-style-type: none"> <li>Strong trading across all Divisions</li> </ul>
<b>External and Market Events</b>	<ul style="list-style-type: none"> <li>Market confidence following 2019 UK General Election</li> <li>First COVID-19 lockdown on 23 March</li> </ul>	<ul style="list-style-type: none"> <li>Continued lockdown</li> <li>Easing of lockdown on 10 May</li> </ul>	<ul style="list-style-type: none"> <li>Stamp duty holiday announced on 8 July</li> </ul>	<ul style="list-style-type: none"> <li>Tiered lockdown system announced on 12 October</li> <li>Second lockdown announced on 5 November</li> </ul>	<ul style="list-style-type: none"> <li>Third lockdown announced on 5 January</li> <li>Budget on 3 March extends stamp duty holiday</li> </ul>
<b>Key LSL Events</b>	<ul style="list-style-type: none"> <li>Withdrew from discussions in respect of a possible combination with Countrywide</li> </ul>	<ul style="list-style-type: none"> <li>New Chief Executive Officer (David Stewart)</li> </ul>	<ul style="list-style-type: none"> <li>Embrace Financial Services established as standalone entity within Financial Services</li> </ul>	<ul style="list-style-type: none"> <li>New Chief Strategy Officer (Andy Deeks)</li> <li>New Managing Director of e.surv (Steve Goodall)</li> </ul>	<ul style="list-style-type: none"> <li>Acquired Mortgage Gym and Direct Life &amp; Pension Services</li> <li>New Revolving Credit Facility</li> <li>Identified Pivotal Growth partner</li> </ul>



# Key Developments

Steps underway to implement recommendations of strategic review

## Mortgage Broker Investment Fund

Pivotal  
Growth



- Joint Venture with Pollen Street Capital that will operate a 'buy and build' strategy to create significant national mortgage broker
- Value creation focused on revenue growth and cost synergies
- Drives growth and value in PRIMIS network

## The Property Franchise Group



- 5 year agreement to provide digital and face-to-face mortgage and protection advice to The Property Franchise Group's 430 offices
- Opportunity across 23,000 exchanges and 73,000 tenanted properties
- Drives growth and value in PRIMIS network

## Mortgage Gym Acquisition



- Acquisition of business for £2.4m
- Award-winning mortgage platform will enhance digital capability to generate new leads and increase adviser productivity
- Platform for use across Financial Services Division, plus Pivotal Growth

## Direct Life & Pensions Acquisition



- 60% stake acquired for £1.8m
- Advanced technology platform providing digital protection insurance product recommendations
- Adds strong potential to increase sale of protection products across Financial Services Division, plus Pivotal Growth

## Revolving Credit Facility



- New £90m committed revolving credit facility maturing on May 2024
- To support future growth, the new facility also has a £30m uncommitted element
- The new facility has been provided by Barclays, Santander UK and NatWest

## Senior Appointments



- Appointment of David Stewart, new Chief Executive Officer, in May 2020
- Appointment of Andy Deeks, new Chief Strategy Officer, in October 2020
- Appointment of Steve Goodall, new Managing Director, e.surv, in January 2021

# Financial Highlights

Resilient financial performance, increasing contribution from Financial Services and strong balance sheet

## Group Revenue

**£266.7m**

(2019: £311.1m)

## Profit Before Tax

**£20.9m**

(2019: £16.0m)

## Group Underlying Operating Profit

**£41.5m**

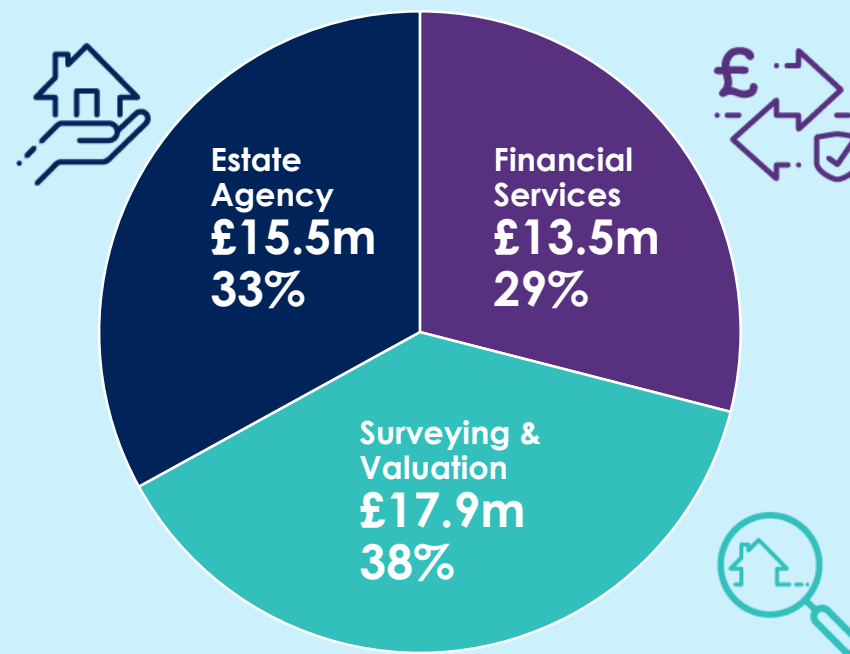
(2019: £37.0m)

## Net Bank Debt

**£1.6m**

(2019: £41.9m)

## Divisional Underlying Operating Profit Before Central Costs



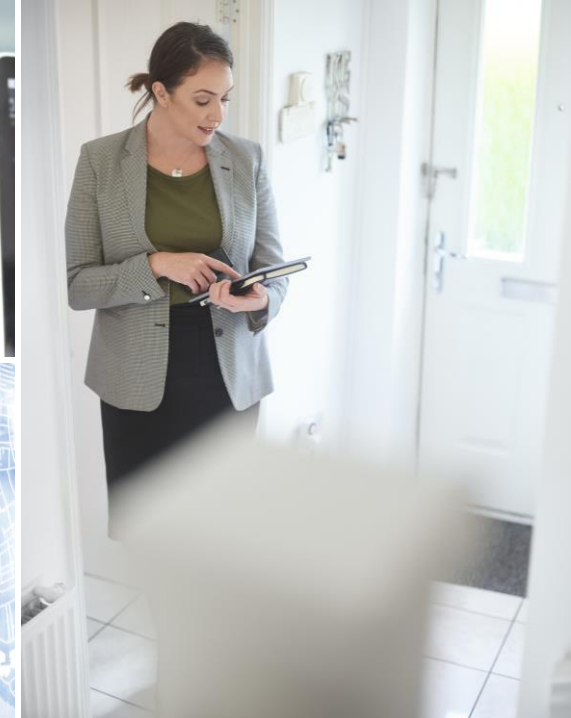
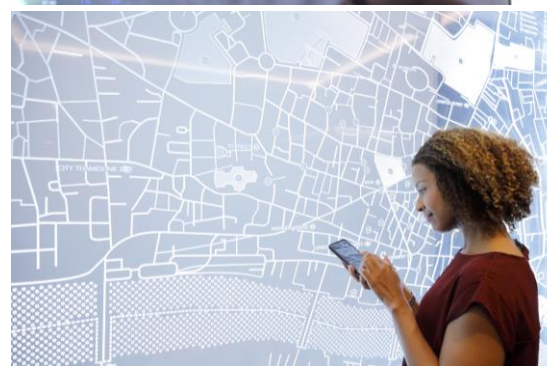
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# Financial Summary

Resilient financial performance and effective execution during an extraordinary period

## 2020 results

- H1: agile reaction to extreme market conditions: resilient financial performance
- H2: effective delivery of business performance in improving markets: strong financial performance gaining momentum as the half progressed
- Agile operational execution throughout the year
- Profit from Financial Services Division increased as proportion of the Group

## Cash control

- Strong balance sheet maintained
- Regular stress testing, including extreme scenarios
- No final 2019 or any 2020 dividend paid/declared
- Cancellation of executive director bonuses & severe restrictions on senior management bonuses
- Up to 73% of employees placed on furlough in Lockdown 1

## Q1 2021 performance

- Very strong Q1 2021 Group financial performance
- Buoyant market conditions, market share gains and cost efficiencies
- Each operating Division profit materially up compared to 2019 and 2020
- Capital deployed to support strategy

## Strong balance sheet and improved visibility

- New debt facility (Q1 2021): provides flexibility and resilience
- LSL is trading well in strong markets
- Good level of visibility after four months of the year
- Recommencing guidance with improved growth profile and reinstating dividend policy

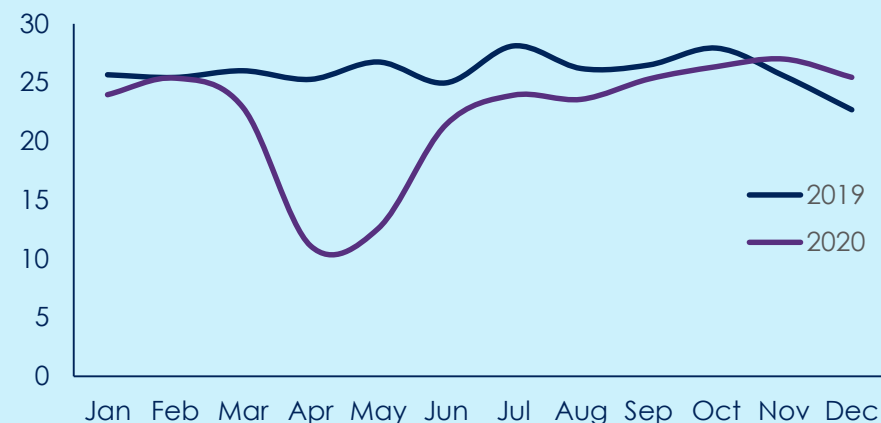


# Revenue

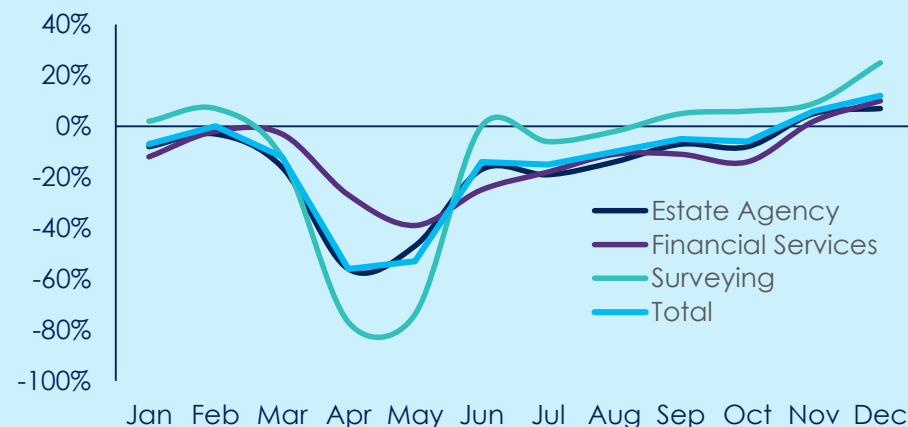
The business was impacted heavily by the emergence of COVID-19, recovering strongly as the year progressed

- Revenue decreased 14%: COVID-19 impact across the business, especially Lockdown 1 (March – May)
- LSL's markets all affected: UK gross mortgage lending (ex PT) down 9%, Housing transactions down 11%, New build completions down 17%, Repossessions down 67%
- Restrictions on property market, estate agency branches closed/restricted numbers, restrictions on physical Surveying valuations, capacity constraints in conveyancing, staff on furlough etc.
- Financial Services most resilient: less reliant on housing market, independent advisers in PRIMIS network firms focused on remote service of existing clients
- Surveying most impacted: no physical valuations during lockdown, EA insulated by recurring lettings
- Recovery from June onwards, accelerating in Q4
- Record residential pipelines at the end of 2020
- Revenue impact also due to lower number of EA branches (re-organisation in Q1 2019) and Tenant Fee Ban (June 2019)

**Total Revenue (£m)**



**2020 v 2019 Revenue**



# Financial Highlights

Robust performance given the challenging market and operational backdrop

- Revenue recovered in H2 (-3% YoY) compared to H1 (-25% YoY)
- £6.4m of COVID-19 costs recognised
- Profit includes £16m CJRS, £2.6m of property grants and £2.4m of business rates relief
- Financial Services proportion of Divisional profit increased for over 10 years running to 29%
- Q1 profit +62%: strong start post-election and benefit from EA reorganisation in Q1 2019
- Q2 profit -37%: impacted by COVID-19
- Q3 profit flat: speedy recovery post Lockdown 1
- Q4 profit +5%: momentum building, very strong December
- Net exceptional costs: restructuring costs, investment write down on acquisition of associate, aborted deal costs, net of PI release. Prior year costs: EA restructure
- PBT +31%

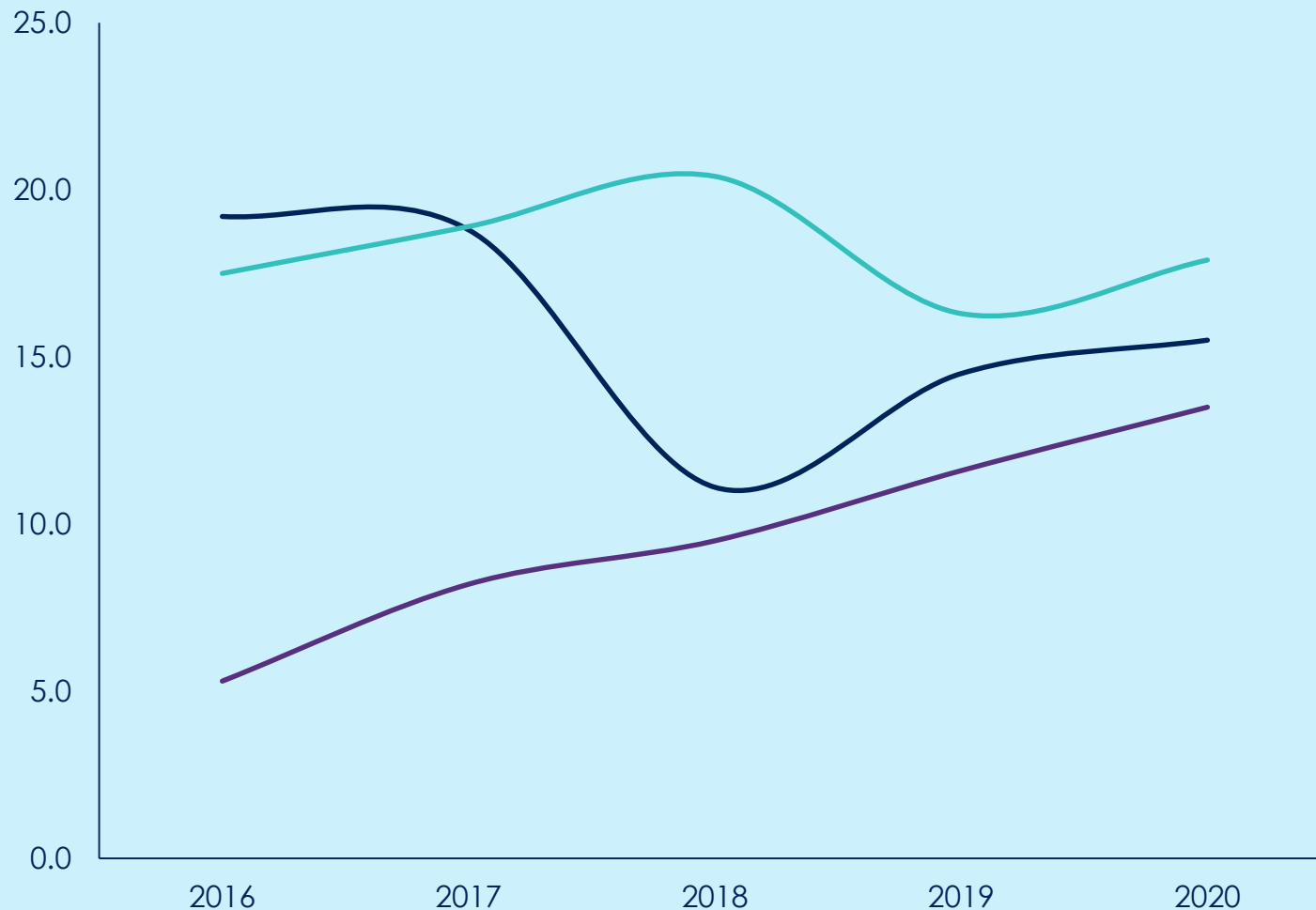
P&L (£m)	2020	2019	Variance
<b>Group Revenue</b>	<b>266.7</b>	311.1	-14%
<b>Group Underlying Operating Profit (pre COVID-19 costs)</b>	<b>41.5</b>	37.0	12%
Group Underlying Operating Margin (pre COVID-19)	16%	12%	+400bps
<b>Group Underlying Operating Profit (post COVID-19 costs)</b>	<b>35.2</b>	37.0	-5%
Group Underlying Operating Margin (post COVID-19)	13%	12%	+100bps
<b>Net Exceptional Costs</b>	<b>6.4</b>	13.2	-52%
<b>Profit before Tax</b>	<b>20.9</b>	16.0	31%

COVID-19 Costs (£m)	2020
Holiday accrual	1.3
Property & car costs (assets not utilised)	3.0
Other e.g. PPE	2.0
<b>Total</b>	<b>6.4</b>

# Historical Performance

Over the period 2016 to 2020, Financial Services CAGR has been +26% and there is a clear strategy to grow returns in this area

Operating Profit by Division (£m) (excluding Central Costs) | 2016-2020



CAGR | 2016-2020

Financial Services

+26.2%



Surveying & Valuation

+0.5%



Estate Agency

-5.1%

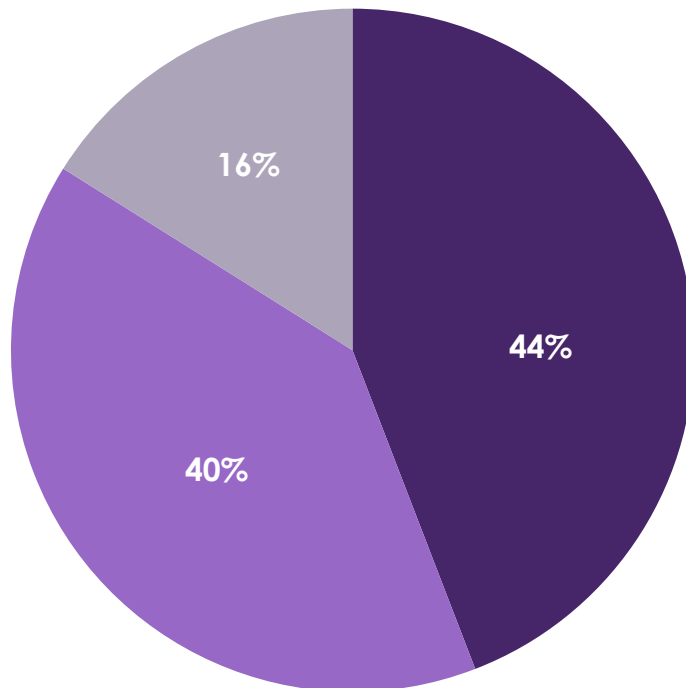


# Financial Services

Revenue is well diversified across three channels with a broadly equal split between mortgage-related and protection/insurance-related revenue

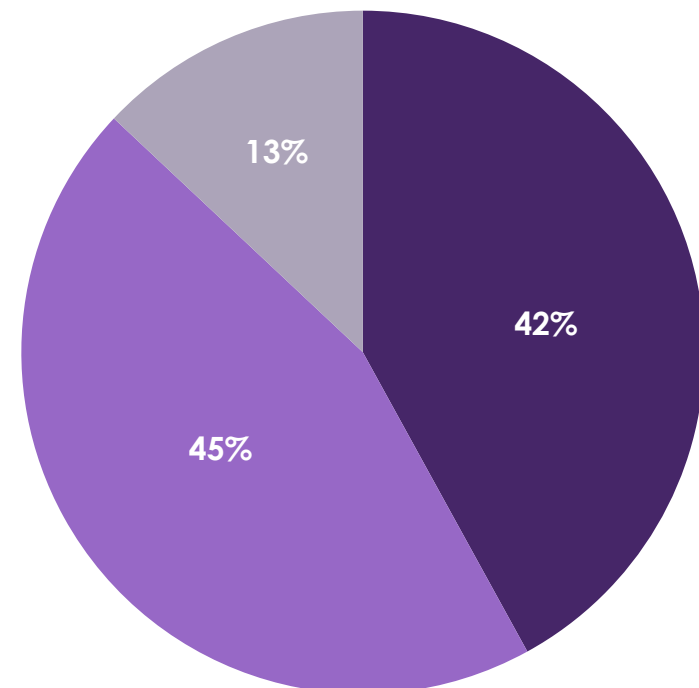


Total Financial Services Revenue Mix by Channel



- Intermediary Network
- Direct to Consumer
- New Build Home

Total Financial Services Revenue Mix by Type



- Mortgage Procurement/Advice Fees
- Life and General Insurance Commission
- Other Fees



# Financial Services

The importance of Financial Services to the Group continues to increase, reflecting the Board's strategy



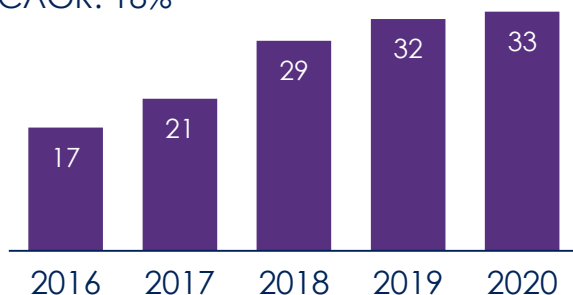
- Revenue recovered in H2 (-7% YoY) compared to H1 (-18%)
- Financial Services proportion of Divisional profit increased for over 10 years running to 29%
- Total gross mortgage completions increased by +3% to £32.6bn
- Total share of mortgage market lending up to 9.1%
- Total adviser growth of +8% to 2,585 with a strong pipeline of new advisers and further growth in Q1 2021(+4%)
- Protection API of £53.5m down -7%: increased proportion of product transfers, lack of face-to-face appointments impacted penetration

FS P&L (£m)	2020	2019	Change
<b>Total revenue</b>	<b>61.0</b>	69.8	-13%
<b>Underlying Operating Profit (pre COVID-19 costs)</b>	<b>13.5</b>	11.6	16%
Underlying Operating Margin (pre COVID-19)	<b>22%</b>	17%	500bps
<b>Underlying Operating Profit (post COVID-19 costs)</b>	<b>12.3</b>	11.6	6%
Underlying Operating Margin (post COVID-19)	<b>20%</b>	17%	300bps

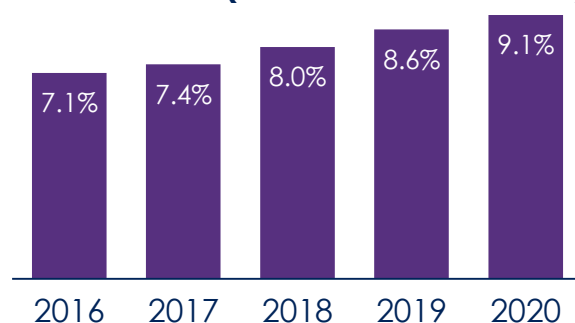
Total FS Revenue (£m)			
Mortgage Completion Lending (£bn)	<b>32.6</b>	31.7	3%
Total advisers at 31 December	<b>2,585</b>	2,392	8%
Annualised Premium Income (API) (£m)	<b>53.5</b>	57.6	-7%

## Mortgage Completions (£bn)

CAGR: 18%

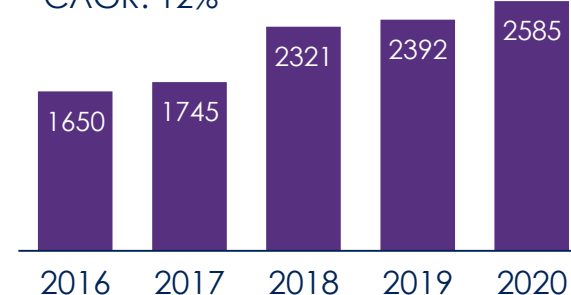


## Market Share (exc. Product Transfers)



## Adviser Numbers

CAGR: 12%



# Surveying & Valuation

Agile and rapid response to COVID-19, working closely with lenders to significantly increase Remote Valuations and ramp up following Lockdown 1

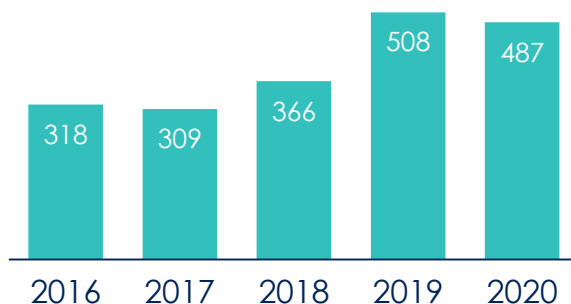


- Revenue recovered in H2 (-2% YoY) compared to H1 (-28%)
- Positive margin improvements following restructuring programmes
- Awarded an extension to its contract to supply UK residential survey and valuation works to a major high street bank in June 2020
- Surveyor numbers maintained and 100% pass rate for all Graduates to AssocRICS status in 2020
- Continued to make positive progress in addressing historic PI claims
- Income per job reduced due to increased number of remote valuations, which take less time to complete than physical valuations

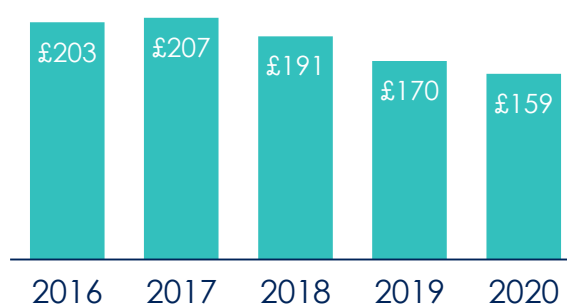
S&V P&L (£m)	2020	2019	Change
<b>Total revenue</b>	<b>77.1</b>	86.4	-11%
<b>Underlying Operating Profit (pre COVID-19 costs)</b>	<b>17.9</b>	16.3	9%
Underlying Operating Margin (pre COVID-19)	<b>23%</b>	19%	400bps
<b>Underlying Operating Profit (post COVID-19 costs)</b>	<b>16.2</b>	16.3	-1%
Underlying Operating Margin (post COVID-19)	<b>21%</b>	19%	200bps

KPIs	2020	2019	Change
Jobs performed (000's)	<b>487</b>	508	-4%
Income per job (£)	<b>159</b>	170	-7%
No. of operational surveyors	<b>513</b>	514	-
PI Costs Provision at 31 Dec	<b>(7.0)</b>	(8.2)	14%

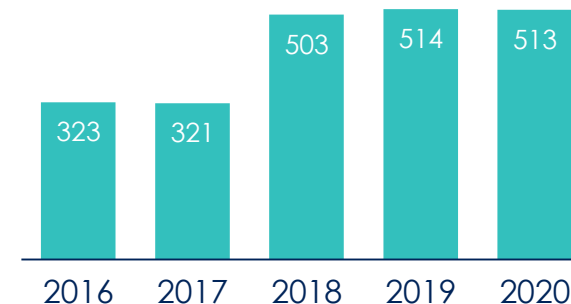
Jobs Performed



Income per Job



FTE Surveyors



# Estate Agency

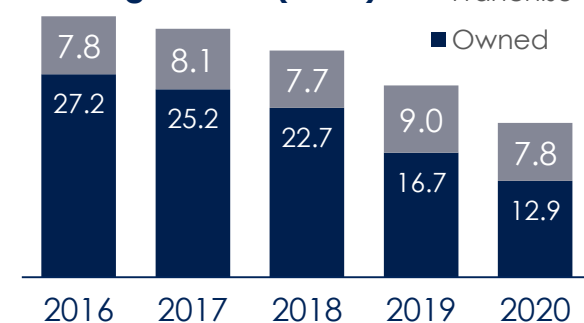
Following a strong start to the year, the pandemic resulted in closure of branch network, with H2 experiencing significant increase in housing market activity



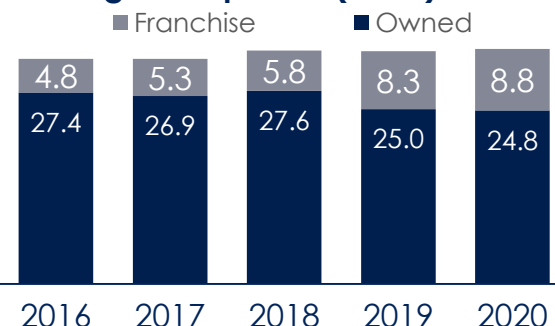
- Revenue recovered in H2 (-6% YoY) compared to H1 (-28%)
- Safe and rapid execution of re-opening of branch network after Lockdown 1
- Residential Sales Exchange Income down -33% in H1, H2 YoY flat following strong Q4 of +16%
- Lettings income more resilient at -19% in H1 (-10% adjusted for impact of Tenant Fee Ban and branch restructuring)
- London property market recovered extremely strongly: Marsh & Parsons Residential Sales +4% in H2
- Average residential sales exchange fees per unit +9%

EA P&L (£m)	2020	2019	Change
Residential Sales Exchange Income	48.8	57.7	-15%
Lettings Income	58.6	67.3	-13%
Financial Services Income	9.9	13.6	-27%
Conveyancing, Franchise & Other	7.6	11.1	-32%
Asset Management	3.8	5.3	-29%
<b>Total revenue</b>	<b>128.7</b>	<b>154.9</b>	<b>-17%</b>
<b>Underlying Operating Profit (pre COVID-19 costs)</b>	<b>15.5</b>	<b>14.5</b>	<b>8%</b>
Underlying Operating Margin (pre COVID-19)	12%	9%	300bps
<b>Underlying Operating Profit (post COVID-19 costs)</b>	<b>12.1</b>	<b>14.5</b>	<b>-16%</b>
Underlying Operating Margin (post COVID-19)	9%	9%	-
<b>KPIs</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
Branches (owned and franchise)	356	363	-2%
Exchange units – core (000's)	12.9	16.7	-23%
Ave. Residential Sales Exchange Fee £	3,778	3,452	+9%

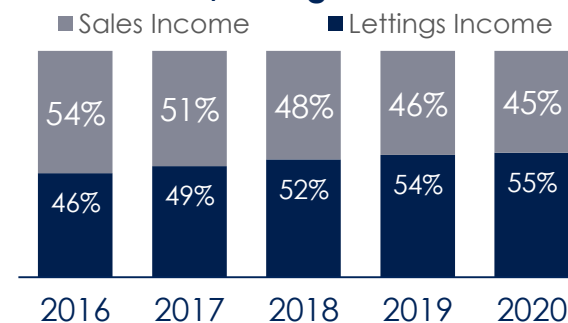
Exchanged Units ('000s)



Managed Properties ('000s)



Residential/Lettings Income



# Q1 2021 Highlights

Exceptionally strong trading in Q1 2021

- Q1 profit significantly higher than 2019 and 2020
- Each operating Division performed very strongly
- Market share gains
- Continued growth in number of financial advisers
- Pipeline of new financial advisers grew in Q1
- Cash deployed on strategic initiatives during Q1

## Group Revenue

**£79.6m**

**+£2.5m v 2019; +£10.0m v 2020**  
(2019: £77.1m; 2020: £69.6m)

## Group Underlying Operating Profit

**£13.1m**

**+£11.0m v 2019; +£9.7m v 2020**  
(2019: £2.1m; 2020: £3.4m)

## Net Debt

**£8.3m**

**-£33.8m v March 2020**  
(31 December 2020: £1.6m; 31 March 2020: £42.1m)

**Mortgage  
Completions**  
**£9.3bn**

**+29% v 2019; +22% v 2020**  
(2019: £7.2bn; 2020: £7.7bn)

**Financial  
Advisers**  
**2,681**

**+4% v Dec 2020;  
+14% v Mar 2020**  
(31 Dec 2020: 2,585;  
31 Mar 2020 2,360)

## Surveying Margin

**21.8%**

**+850bps v 2019; +790bps v 2020**  
(2019: 13.3%; 2020: 13.9%)

## Income per Job

**£173**

**+£1 v 2019; +£8 v 2020**  
(Q1 2019: £172; Q1 2020: £165)

**Residential Sales  
Exchange Income**  
**£18.9m**

**+40% v 2019; +66% v 2020**  
(2019: £13.5m; 2020: £11.4m)

**Residential Sales  
Exchange Pipeline**  
**£21.5m**

**+47% v 2019; +25% v 2020**  
(2019: £14.6m; 2020: £17.3m)



# Balance Sheet

Strong and flexible balance sheet retained

- Net Debt and gearing maintained at lowest levels since IPO
- Careful cash management, with regular stress testing avoided need for full RCF draw-down, equity raise, or requirement to vary covenants
- Underlying Net Debt includes deferred VAT payments
- New banking facility. £90m, maturity May 2024
- Prudent approach to B/S management: excess capital £13.5m
- PI provision continues to fall. £0.7m release
- Reducing future liabilities for acquisitions
- Financial Assets & JVs: Net impact of resilient trading of JVs and impairment of Mortgage Gym equity

Balance Sheet (£m)	2020	2019
Net Banking Debt (reported)	1.6	41.9
Net Banking Debt (underlying)	17.0	41.9
<i>Gearing ratio (underlying)</i>	<i>0.38x</i>	<i>0.81x</i>
FCA Capital requirement	5.2	4.8
Excess capital	13.5	10.8
PI Costs provision	7.0	8.2
Deferred & Contingent consideration	5.5	5.9
Financial Assets & JVs	21.0	22.3

# Cash Flow

Profits turn into cash: strong operational cash-flow and conversion of Underlying Operating Profit consistently over 100%

## Cash Flow Conversion: 159%

Underlying (adjusted for deferred payments): 122%



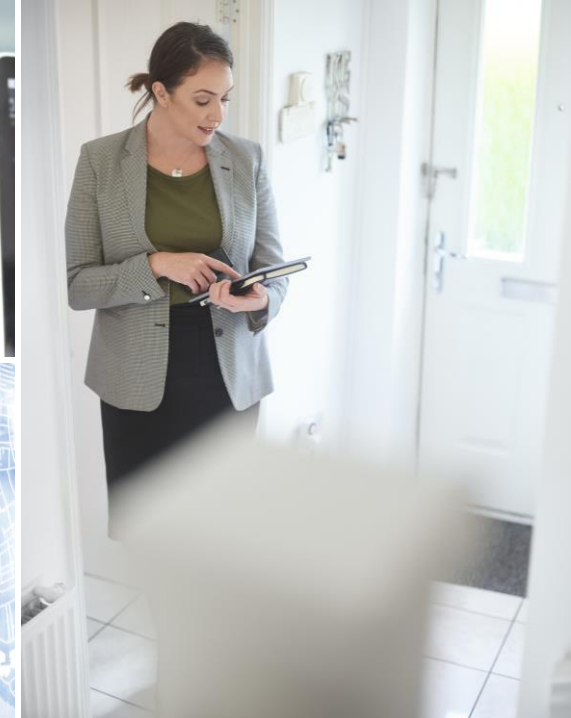
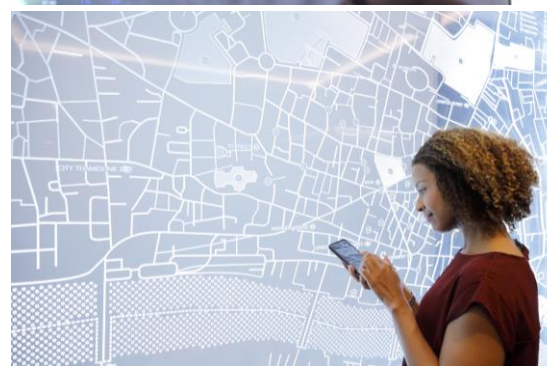
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**Financial Services** growth is at the heart of LSL's strategy.

The Group will continue to grow its **Surveying & Valuation** and **Estate Agency** Divisions and implement a new Target Operating Model, including a specific focus on leveraging their capabilities to grow the **Financial Services** Division.



Best Network 300+ ARs



Mortgage Network  
of the Year



Mortgage Network  
of the Year



Best Intermediary  
Promotion of  
Protection/Health






Best Surveyor/Valuer



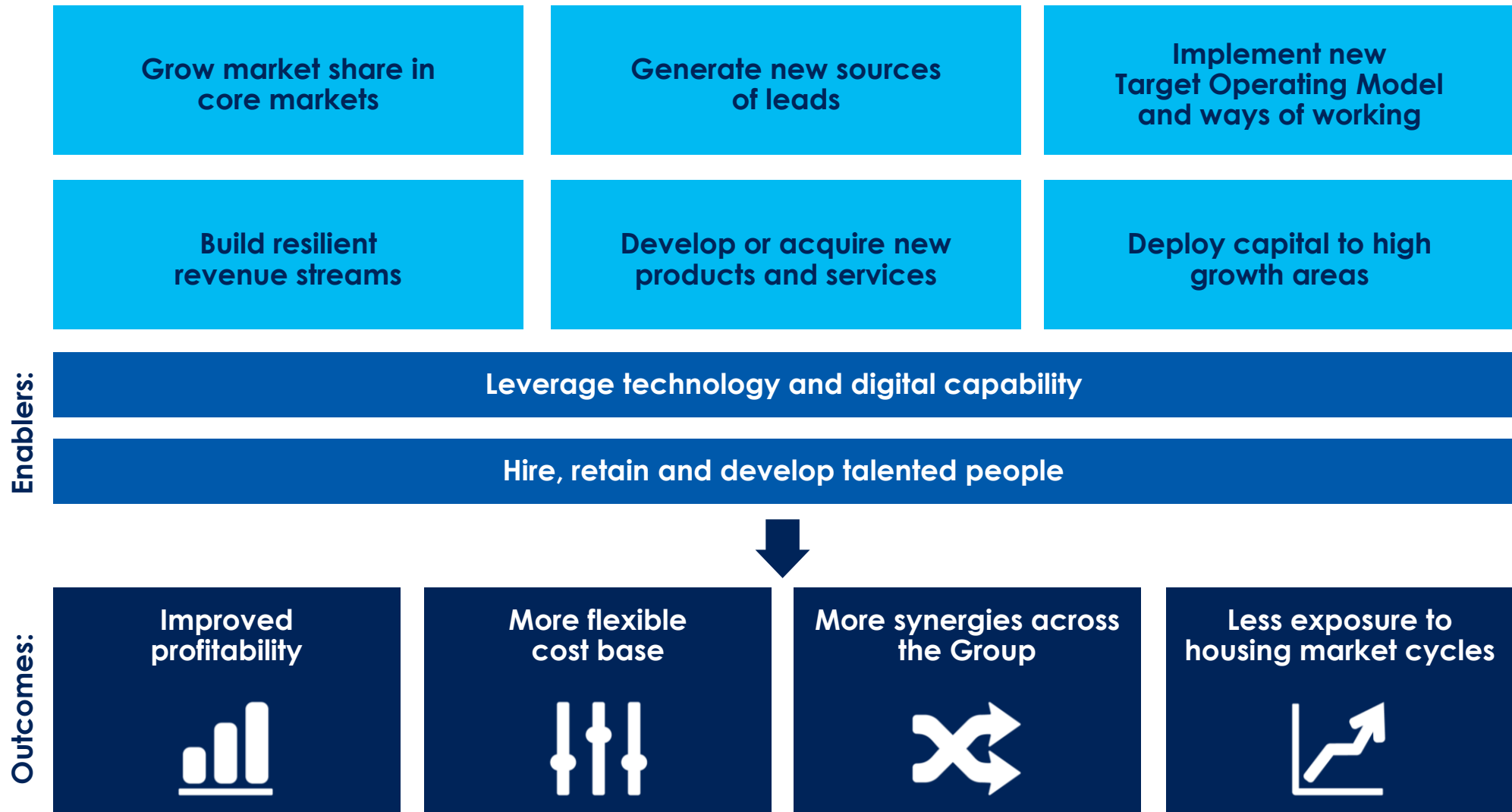
# Routes to Market

Many touchpoints across the house purchase process and beyond, creating synergy between Divisions and significant opportunities for new revenue streams

	Pre-House Purchase	House Purchase-Related	Post-House Purchase
<b>Financial Services</b> 			Remortgages/Product Transfer
			Protection
			General Insurance
			Mortgage Network and Club Services
		Mortgages for Purchase	
	New Homes Specialist Mortgages		
		Mortgage Gym	
		Direct Life & Pension Services	
<b>Survey &amp; Valuation</b> 		Lender Valuations	Data and Insights for Lenders
			Customer Surveys
<b>Estate Agency</b> 	Land and New Homes	House Sale/Purchase	Asset Management
			House Lettings/Rental
		Conveyancing	


# Group Strategy

LSL will seek to leverage these opportunities through six strategic objectives, underpinned by market-leading technology and people



# Divisional Strategy

There are clear and significant opportunities in Financial Services, as well as in Surveying & Valuation and Estate Agency, each of which will also support development of FS

Financial Services	Surveying & Valuation	Estate Agency
		
Remain the leading mortgage network and club	Grow profitable market share in Business-to-Business	Grow profitable market share in existing catchments
Become major player in distribution via estate agencies	Develop the Direct-to-Consumer offer	Improve the franchise proposition and expand reach
Execute buy and build strategy through Pivotal Growth	Support development of Financial Services	Support development of Financial Services
Significantly increase mortgage and insurance revenues		

## Financial Services





# Capability and Opportunity

Well-positioned to realise future opportunities with existing market-leading capabilities in Financial Services



## Financial Services

### Capability

PRIMIS is the UK's largest\* mortgage network and, together with TMA, provides services in relation to £32.6bn of mortgage completions in 2020 - or just over 9% of the total purchase and remortgage market

Significant Financial Services revenue streams across mortgages, protection and general insurance

Multiple routes to large markets

Market-leading and award-winning technology

### Opportunity

Continued significant customer demand for financial services advice through intermediaries.

Resilient performance through different housing market cycles – significant remortgage/product transfer market and protection/insurance not correlated with housing transactions.

Ability to unlock value within the Group's existing distribution and customer base

Opportunity to grow new distribution through strategic partnerships

\* Based on volume of gross lending through mortgage networks. Source: LSL internal analysis

# Technology

Investment in award-winning technology will support future growth, including Toolbox, Mortgage Gym and Direct Life & Pension Services

## Financial Services



API-based system for mortgage brokers, which helps with lead generation, seamless integration to sourcing systems and efficiencies in both mortgage advice and administration

Underpins the Pivotal Growth Joint Venture



Innovative, API-based mortgage platform confirming pre-eligibility for mortgage customers, covering most the of top 20 UK mortgage lenders



Facilitates online aggregators to provide protection products via an integrated digital experience and helps brokers provide protection via a bespoke quotation engine

### Best Technology Initiative - UK



### Best Online Mortgage Lender



### Strategic Partner



# Financial Services Objectives

PRIMIS is at the centre of the Financial Services strategy, providing market-leading shared services to intermediaries and across the Division



**Remain the leading mortgage network and club**



**Become major player in distribution via estate agencies**

**Execute buy and build strategy through Pivotal Growth**

**Significantly increase mortgage and insurance revenues**

- Mortgage intermediaries who use PRIMIS and TMA remain core to the strategy and there is a commitment to continue developing and improving the intermediary proposition
- £32.6bn of mortgage completions in 2020 with five year CAGR of 18%
- £50m+ of annualised premiums for protection
- Market share of just over 9% of the total purchase and remortgage market
- 2,585 advisers in 2020, up 193 on 2020, with five year CAGR of 12%
- Opportunity for organic growth and acquisitions of other mortgage networks and clubs
- Planned growth in Embrace Financial Services, including relationship with The Property Franchise Group, will drive further growth in PRIMIS
- Pivotal Growth firms will become PRIMIS members

\* PRIMIS Mortgage Network is a trading name of Advance Mortgage Funding Limited, First Complete Ltd. and Personal Touch Financial Services Limited

# Financial Services Objectives

Expertise and technology to become a major player in the distribution of financial services through estate agencies, leveraging existing partnerships



Remain the leading mortgage network and club

Become major player in distribution via estate agencies

Execute buy and build strategy through Pivotal Growth

Significantly increase mortgage and insurance revenues



- Specialist provider of mortgage and protection advice to estate agencies with expert knowledge and market-leading technology in this area
- Mortgage Gym and DLPS technology offers competitive advantage in winning new contracts, and will increase mortgage and protection profitability
- Won The Property Franchise Group tender in April 2021 to be exclusively recommended to 430 franchised estate agencies for a 5 year period
- Established and exclusive provider to owned and franchised Your Move, Reed's Rains and LSLi estate agencies
- Provision of FS services to Marsh & Parsons brought in-house in 2020
- Opportunity to expand coverage further with other franchised and independent estate agencies, leveraging existing capability
- Investment underway to further enhance highly-competitive proposition

# Financial Services Objectives

The launch of Pivotal Growth, a buy and build mortgage broker, as a JV with Pollen Street Capital is a ground-breaking consolidation vehicle for the sector



Remain the leading mortgage network and club

Become major player in distribution via estate agencies

Execute buy and build strategy through Pivotal Growth

Significantly increase mortgage and insurance revenues



- Launched 'Pivotal Growth', a ground-breaking Joint Venture with Pollen Street Capital which plans to invest at least £200m by way of equity and debt finance to develop a "buy and build" mortgage broker
- LSL has committed up to £33m and PSC up to £63m for an equal (48% each) equity share of Pivotal Growth
- All acquired businesses will become PRIMIS members, leveraging further PRIMIS's scale and existing leading positions in mortgage/advice markets
- Offers compelling reason for independent brokers considering medium-term retirement or exit to join PRIMIS
- Equity and loan note investments of £100m will be supplemented with external debt finance to fund further purchases with a view to an exit event over a three to six year period
- LSL has identified over 50 large firms which it believes would benefit from the compelling proposition offered by Pivotal and will initially focus here

# Financial Services Objectives

Significant potential to increase penetration and conversion of financial services and related products



Remain the leading mortgage network and club

Become major player in distribution via estate agencies

Execute buy and build strategy through Pivotal Growth

**Significantly increase mortgage and insurance revenues**



- Building on existing strong capability to penetrate protection and general insurance products
- Significant potential to further increase penetration and conversion across existing FS businesses through leveraging technology
- Also opportunity to increase sales of associated products where they meet customer needs, such as conveyancing and surveys
- Further opportunity to further improve customer retention through focus on lifetime value and customer relationship management
- Medium term opportunity to work with providers to develop products offering ongoing margin or profit share
- Potential to offer alongside EA and valuation services to increase value of each customer to LSL



## Surveying & Valuation



# Surveying & Valuation Objectives

e.surv has the opportunity to broaden its offering to lenders significantly, notably leveraging the extensive data it has available



**Grow profitable market share  
in Business-to-Business**



**Develop the Direct-to-  
Consumer offer**

**Support development of  
Financial Services**

- There are clear opportunities to increase the volume of lender valuations amongst both existing and future clients
- Furthermore, there are opportunities to:
  - Develop the valuation proposition and market share in the B2B market, including leveraging its detailed market knowledge, data and expertise to offer insight in specialist areas, such as new build and equity release
  - Use data to build new or improve existing valuations and to support lenders with risk assessment, such as cladding
- Around one-fifth of valuation work is now conducted using Remote Valuations, a product developed in response to the COVID-19 environment
- A Proposition Director has joined the Executive team of e.surv to drive this agenda, now led by experienced MD with deep sector knowledge

# Surveying & Valuation Objectives

The Direct to Consumer market is largely untapped, especially for surveys, with clear opportunities for growth



Grow profitable market share  
in Business-to-Business

Develop the Direct-to-  
Consumer offer

Support development of  
Financial Services



- The Direct to Consumer market is a small proportion of business in the Surveying & Valuation Division
- There is opportunity to grow this channel through development of technology, strategic partnerships and data
- A D2C sales team has been created
- Key objectives are to:
  - Grow market share in surveys, including leveraging LSL Financial Services and Estate Agency distribution
  - Develop further D2C propositions, especially leveraging digital technology

# Surveying & Valuation Objectives

A key objective of the Surveying & Valuation Division will be to support Financial Services



Grow profitable market share  
in Business-to-Business

Develop the Direct-to-  
Consumer offer

Support development of  
Financial Services



- The Surveying & Valuation Division carried out 487k valuations by 500+ operational surveyors in 2020
- It serves seven of the UK's top ten lenders
- Exclusive provider to UK's largest lender, Lloyds Banking Group
- Clear opportunities to support the growth of Financial Services
  - Help to attract new intermediaries to the PRIMIS network through the Surveying & Valuation proposition
  - Offer survey products to LSL's Financial Services firms

Estate Agency



# Estate Agency Objectives

LSL's Estate Agencies are well placed to grow market share in their existing catchments through the use of technology and digital



**Grow profitable market share in existing catchments**

**Improve the franchise proposition and expand reach**

**Support development of Financial Services**



- A key objective for Estate Agency is to increase the share of house purchases and lettings in existing catchments organically
  - LSL's owned and franchised estate agency branches have a combined market share of 2.5% of the residential sales and lettings market
- Greater focus has been placed on retaining and growing market share in existing catchments, including:
  - Marketing: investing in digital presence
  - Technology: helping us to respond faster to valuation requests
- In Q1 2021, compared to the prior year, LSL's owned agencies:
  - Increased market share by 3.5% in the regions in which it operates
  - Two-thirds of regions increased by more than 5% of which nearly half increased by more than 10%
  - Market share growth was especially strong in Marsh & Parsons at +14%



# Estate Agency Objectives

Growth in LSL's 130 franchises is potentially attractive, opening opportunities for FS with a variable cost model that reduces link to housing market cycles



**Grow profitable market share  
in existing catchments**

**Improve the franchise  
proposition and expand reach**

**Support development of  
Financial Services**



- LSL currently has 130 franchises and sees opportunities for growth, especially in financial services, with a variable cost model that reduces the link to the housing market cycles
- There are further opportunities within franchised Estate Agency:
  - Growth in Financial Services: some franchisees do not currently offer FS and there are opportunities for growth for the benefit of both parties through more flexible delivery options
  - Investments in marketing and technology: leverage investment in owned Estate Agency to benefit franchisees
  - Work with existing franchisees to support their growth aspirations

# Estate Agency Objectives

Estate Agency retains substantial potential for organic growth and offers the LSL Group significant opportunities in Financial Services and other areas



Grow profitable market share  
in existing catchments



Improve the franchise  
proposition and expand reach

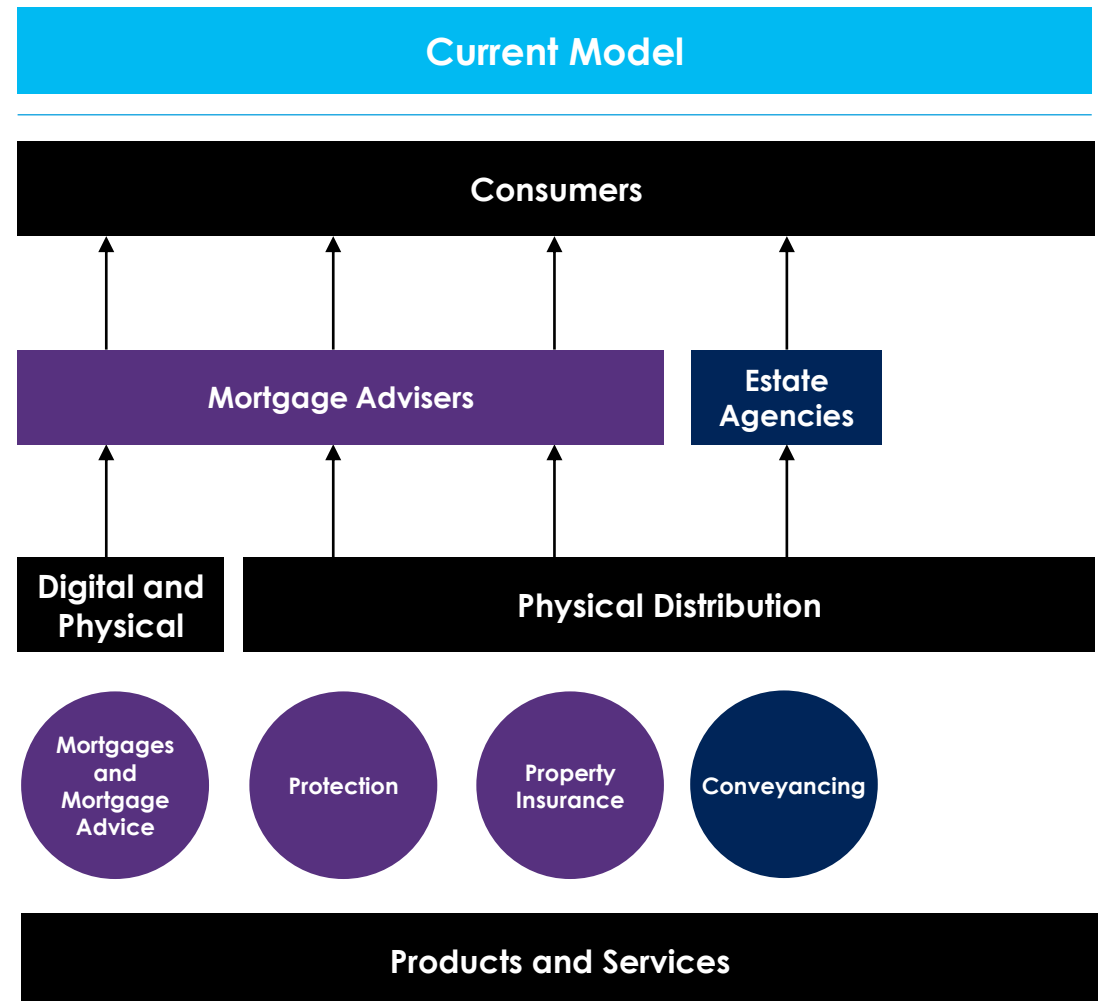
Support development of  
Financial Services

- In 2020, LSL's Estate Agency Division facilitated around 21,000 house exchanges and managed around 34,000 rental properties across 350 owned and franchised locations
- It has been central to the successful development of FS through the close relationship between negotiators and in-branch Embrace FS advisers
- With Financial Services at the heart of the strategy, there are further key opportunities to support the growth in this area:
  - Improve penetration of conveyancing, survey and other complementary products to Financial Services
  - Exploit digital technology, including its Reapit platform, to create a unified customer experience to offer Financial Services products
- Establishment of Embrace FS as a separate business will help capitalise on the opportunity to increase significantly the penetration of remortgage and product transfer products as the focus expands into ongoing customer relationship management

# Direct to Consumer Opportunities

LSL currently has a significant distribution through the c.21,000 house buyers and sellers and c.34,000 lettings in its owned and franchised estate agencies

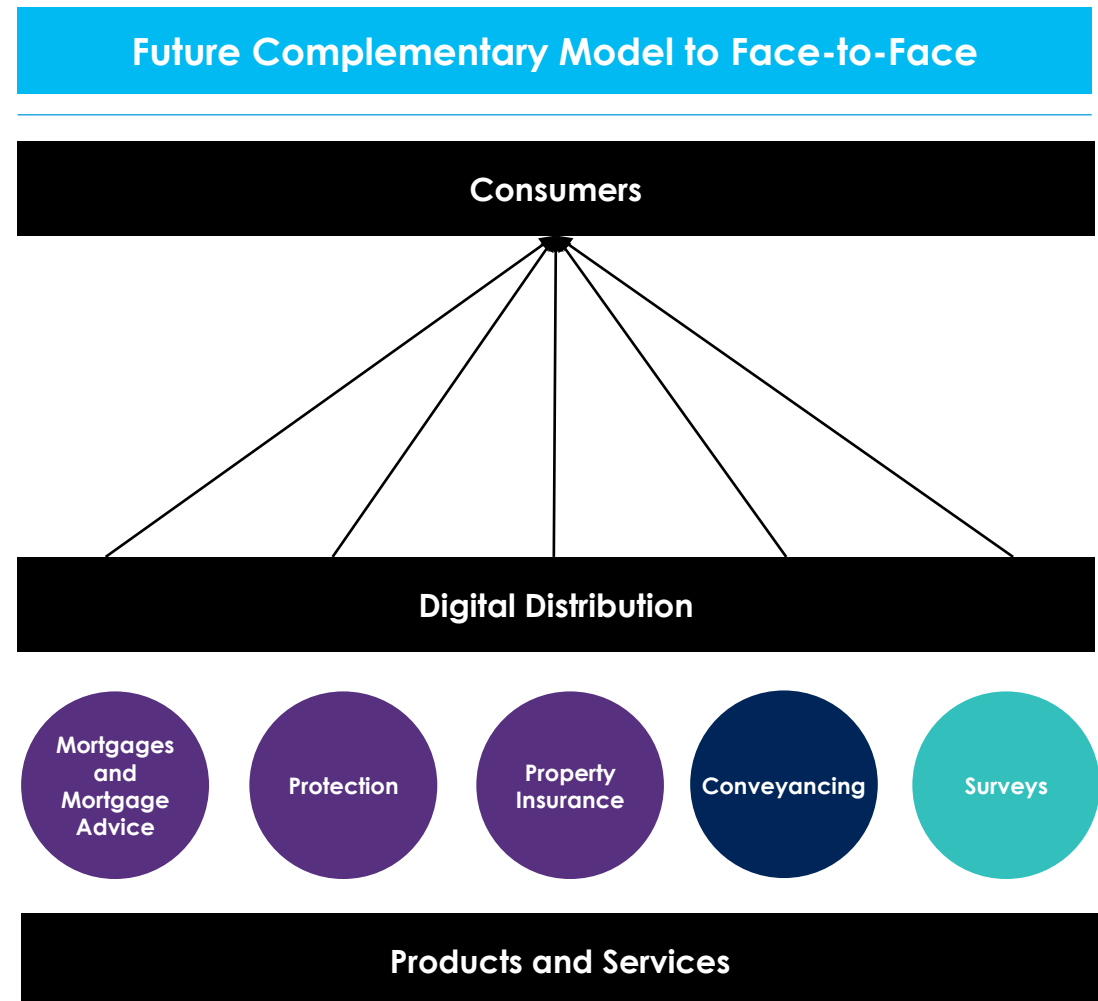
- LSL is currently very successful at the provision of financial services and conveyancing products to customers through its mortgage advisers and negotiators
- The existing product range includes mortgage advice, protection, general insurance and conveyancing
- Today, products are almost exclusively offered to customers face-to-face or via telephone
- There is a significant opportunity to improve both penetration and conversion amongst LSL's existing distribution through developing a digital platform which is :
  - More consistent: offered to all customers, on every transaction
  - More comprehensive: offer whole range of products to customers, plus new products
  - More scalable: support face-to-face and telephone fulfilment with digital services, provided centrally/remotely teams
  - More enduring: maximise lifetime value, not just a point-in-time transaction



# Direct to Consumer Opportunities

Significant potential has been identified for a digital platform to create value, complementing LSL's existing distribution through broadening the offer to customers

- LSL is uniquely placed to develop such a platform, following its acquisitions of Mortgage Gym and Direct Life & Pension Services earlier this year and the range of product and advice providers it owns
- Development of an API-based solution, like Mortgage Gym, integrated into Reapit, would enable a flexible architecture that could be developed over time
- Such a platform, with the ability for customers to instigate a purchase journey for mortgages, protection, property insurance, conveyancing and surveys, would be a transformational step in LSL's distribution, complementing face-to-face advisers:
  - Ability to reach most customers with whole range of products, even during peak periods, adviser holidays and in lower volume agencies with no face-to-face adviser
  - Capability to attract customers wishing to 'browse and buy' at home, not face-to-face
  - Improved capture of significant web traffic through brand websites
  - Potential for more resilient, longer-term revenues through Customer Relationship Management



# Environmental, Social and Governance (ESG)

Good initial progress has been made on the ESG strategy with full details to be published in the 2021 report

2020



- Mobilisation of ESG programme with focus on Environment and Diversity & Inclusion
- Continued response to 2019 ESOS audit

2021



- Assessment of environmental impact against TCFD framework
- Developing colleague diversity data collation, insights and establishing framework
- Development of ESG Strategy

2022



- Publication of ESG Strategy and targets



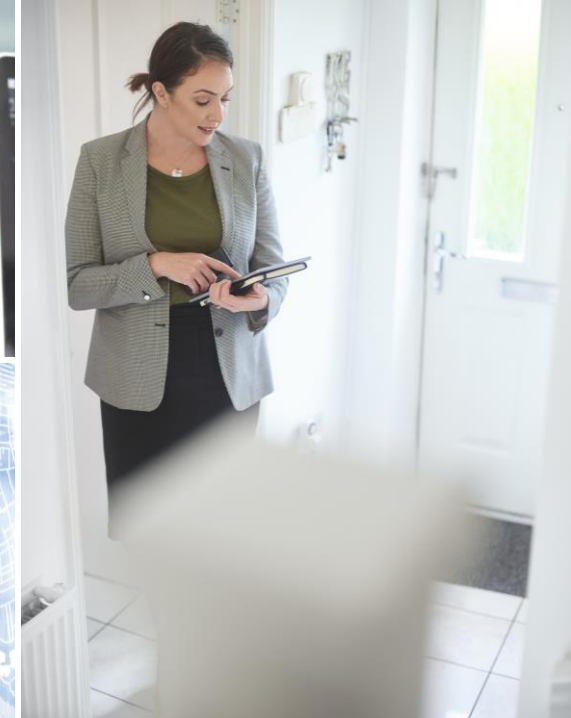
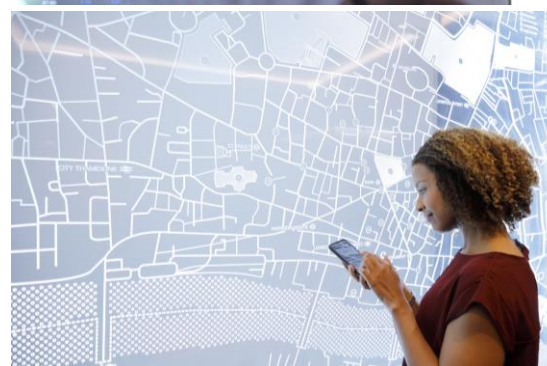
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# Summary

- Excellent progress in implementation of revised strategy
- Significant organic and inorganic growth opportunities across the Group to create value for shareholders
- Exceptionally well positioned in Financial Services to capitalise on leading market positions:
  - Networks
  - Estate Agency
  - Direct to Consumer
- Strong balance sheet, currently effectively debt-free
- Pivotal Growth launched to increase financial firepower which will accelerate the growth of PRIMIS and create significant value for shareholders
- Investing in technology to build on significant capability already in place
- Major strategic partnerships announced and more are planned
- Will continue to update market on plans to enhance performance of existing business and exploit further new opportunities



Group



Financial Services



Surveying

Estate Agency

# Outlook

- Strong market and strong trading continues in April
- Confidence to recommence guidance and reinstate dividend policy
- Group Underlying Operating Profit for 2021 expected to be significantly ahead of 2019 with further growth in the outer years
- Dividend policy – 30% pay-out: predictable and flexible
- Less dependency on housing market activity as Financial Services grows



# Disclaimer

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