

13 January 2023

**LSL Property Services plc ("LSL" or "Group")**

**Sale of LSL's new build assets to further simplify the Group and build scale in Pivotal Growth**

LSL announces the sale of its new build mortgage and protection brokerage firms Group First Limited ("Group First") and RSC New Homes Limited ("RSC") to Pivotal Growth Limited ("Pivotal Growth"), its joint venture with Pollen Street Capital, established in 2021 to "buy and build" a leading national mortgage broker.

The consideration payable is 7x the combined Group First and RSC EBITDA in calendar year 2024, subject to agreed working capital adjustments, capped at a maximum of £20m. The consideration is payable in cash to LSL during H1 2025, at which time LSL will consider the most effective use of the funds.

Going forward, LSL will continue to account for its 47.8% equity share of Pivotal Growth profits after tax, which will include the profits generated by Group First and RSC. LSL will also benefit from the incremental profits of Group First and RSC in any future Pivotal Growth exit event.

These disposals are in line with LSL's strategy to simplify the Group, and to focus on developing further its leading Financial Services Network business. We also believe that Pivotal Growth is better placed to increase the value of Group First and RSC, and these acquisitions mark a significant step in building critical mass in the new build brokerage sector, that has been targeted by Pivotal, as it becomes a leading player in this space.

For the 2021 financial year, the value of Group First's gross assets was £15.2m and profit for the year was £1.4m. The value of RSC's gross assets at 31 December 2021 was £3.7m and profit for the year was £0.7m. Combined profit for the 2022 financial year is expected to be £0.7m, and the impact of the disposals will, therefore, not be material to the Group.

David Stewart, Chief Executive, commented:

"The transfer of Group First and RSC represents an important step in the execution of our strategy and in the development of Pivotal Growth. Financial Services is at the heart of the Group's growth strategy where we have identified significant opportunities to develop LSL's position as the leading provider of services to independent mortgage brokers.

"These transactions help to simplify the Group structure to allow us to focus on maximising these business-to-business opportunities, whilst also reducing exposure to housing market cycles. Pivotal Growth was established in 2021 to exploit the opportunities we had identified in the direct-to-consumer mortgage broking market, and growth in the new build sector is a strategic focus for Pivotal Growth."

***For further information, please contact:***

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**This announcement contains inside information.**

**Notes on LSL**

LSL is one of the largest providers of services to mortgage intermediaries and mortgage and protection advice to estate agency customers, completing around £41bn of mortgages in 2021. It represents around 10% of the total purchase and re-mortgage market with around 2,900 financial advisers. PRIMIS was named Best Network by Money Marketing in their 2021 awards and Best Network, 300+ appointed representatives at the 2022 Mortgage Strategy Awards.

LSL is one of the UK's largest providers of surveying and valuation services, supplying seven out of the ten largest lenders in the UK, employing around 500 operational surveyors, and performing over 500,000 valuations and surveys per annum for key lender clients. It was named Best Surveying Firm at the 2022 Mortgage Finance Gazette Awards and Best Surveyor at the 2022 Equity Release Awards with Mortgage Solutions.

LSL also operates a network of 225 owned and 128 franchised estate agency branches.

For further information please visit LSL's website: [slps.co.uk](https://slps.co.uk)

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