

11 April 2023

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

**Sale of remaining D2C brokerages to further simplify the Group and build scale in Pivotal Growth**

LSL announces the sale of its mortgage, protection, and general insurance brokerage firms Embrace Financial Services Limited ("Embrace") and First2Protect Limited ("First2Protect") 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.

Embrace specialises in the delivery of mortgage and protection advice to estate agency introduced customers, including LSL's franchised and owned estate agency branches. First2Protect arranges household insurance for customers of LSL's estate agency division as well as third party introducers and via brokers that are members of LSL's PRIMIS mortgage network.

The consideration payable for Embrace will be 7x the EBITDA in calendar year 2024, subject to agreed working capital adjustments, capped at a maximum of £10m. The consideration payable for First2Protect is £7.8m, which is 7x adjusted 2022 EBITDA. The initial proceeds of the consideration payable plus First2Protect net cash will augment existing Group cash balances which will be used to support LSL's growth strategy, with the future consideration payable in cash to LSL during H1 2025, at which time LSL will consider the most effective use of the funds.

The sale of these businesses to Pivotal Growth continues the steps taken to simplify the Group in line with our strategy to focus financial services activity on business-to-business services, through LSL's PRIMIS network through which it distributes around 10% of all new mortgages in the UK.

We also believe that Pivotal Growth is better placed to increase the value of Embrace and First2Protect. The acquisition of Embrace and First2Protect will significantly increase the number of advisers Pivotal Growth employs, expand its distribution into the estate agency market and provide additional capability in the general insurance market. LSL will retain the ability to capitalise on opportunities in direct-to-consumer financial services through its 47.8% equity share in the Pivotal Growth joint venture with Pollen Street Capital.

The value of Embrace's gross assets at 31 December 2021 was £3.8m and loss for that year was £3.2m. The value of First2Protect's gross assets at 31 December 2021 was £2.3m and profit for that year was £1.2m. The combined loss for the 2022 financial year is expected to be £1.3m, and the impact of the disposals will, therefore, not be material to the Group.

David Stewart, Chief Executive, commented:

"I am pleased to confirm the transfer of Embrace and First2Protect to Pivotal Growth. This marks another significant step in our work to simplify the Group, whilst we focus on taking advantage of the exciting opportunities available to us across each of our divisions, including our financial services network business."

**For further information, please contact:**

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**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 remortgage market with around 2,900 financial advisers. PRIMIS was named 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. e.surv 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 182 owned and 127 franchised estate agency branches.

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

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