

FY 2014 Half Year Results Investing for Sustainable Growth

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Revenue base continues to grow

- **Financial Highlights**

- Revenues (excl. franchised offices) up 7.3% to \$9.6m
- Gross revenues (incl. franchises) up 8.2% to \$11.9m
- Net Profit after Tax down 25% to \$456k: investment in senior valuation managers and business infrastructure

- **Operational Highlights**

- LMW continues to increase market share in residential sector
- Recruitment of new managers for key commercial markets
- 5 year strategic plan agreed and implementation commenced

- **Dividend**

- Fully franked 1.25 cents per share equals 2014 interim dividend
- Board confident of strategic direction and second half results



Investing for market expansion

- **Profitability**

- Down due to prudent investment in all parts of LMW
 - Major IT refresh to support new valuation teams
 - Key hiring to build valuation expertise across property sectors
 - New internal reporting and systems to improve client engagement

- **Gross Revenues**

- Residential valuations up 18% on previous half to \$6.5 million
- Commercial valuations in line with 2013 half year result
- Franchised offices continue to trade well
- Key hires in QLD and Victoria along with business restructure to improve revenues in next 12 months

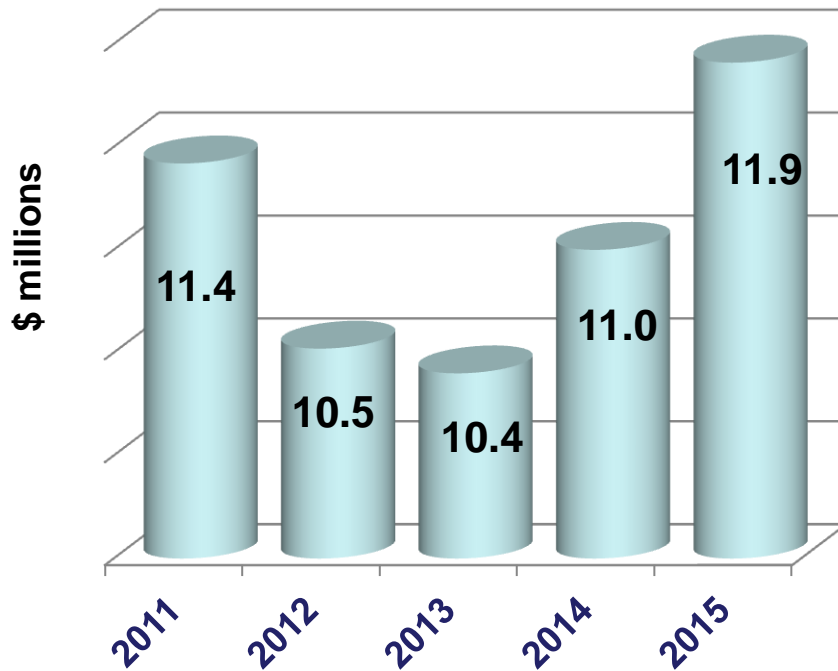
Focus on increasing market share

- **Strengthen and increase revenue streams**
 - Bank panels continue to be important: client relationships key to building national footprint
 - New senior hires bring valuation expertise
 - Expertise in valuation of residential developments, going concerns, tourism and leisure
 - Focus on integrated national structure to improve accountability and service delivery to clients
 - Improved internal communications to capture whole of client property valuations and services

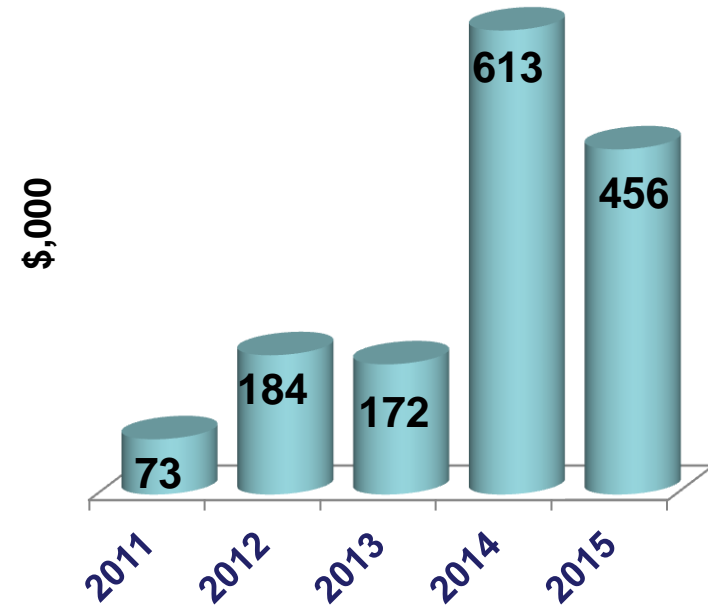
Key Financial data

| | HY2015 \$ | HY2014 \$m | Change % |
|---|---------------------|----------------------|--------------------|
| Gross Revenues including Franchised Operations | 11.9m | 11.0m | 8.2 |
| Revenues excluding Franchised Operations | 9.6m | 9.0 | 6.7 |
| Profit before Tax | 673k | 888k | (24.2) |
| Net Profit after Tax | 456k | 613k | (25.2) |
| | Cents | Cents | |
| Earnings per Share | 1.65 | 2.22 | (25.7) |
| Interim Dividend | 1.25 | 1.25 | No change |

Investing for Growth – Half Years



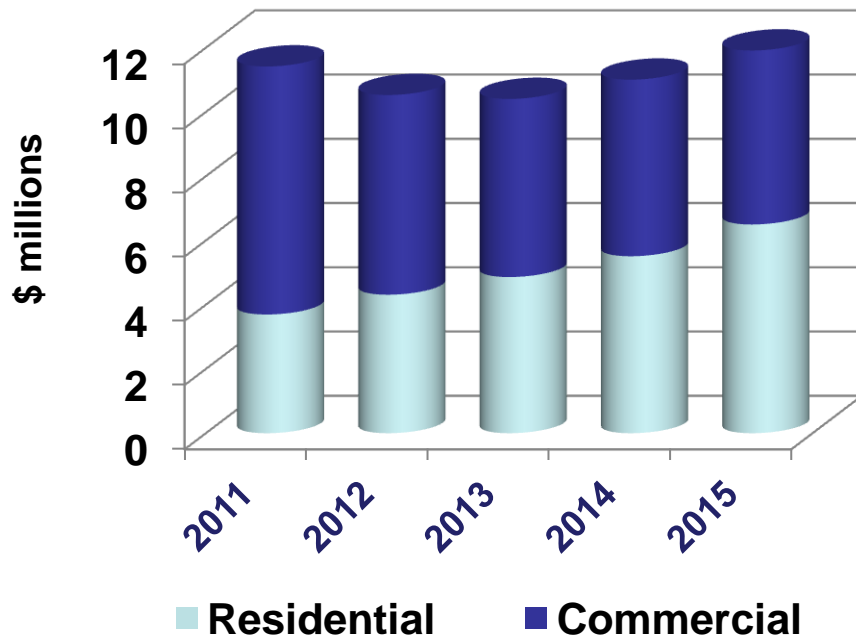
Gross Revenues
(including franchised operations)



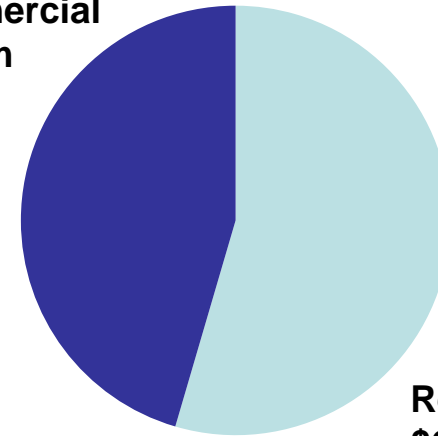
Net Profit After Tax

- **Gross Revenues:**
 - Increasing client base, strength in residential markets
- **NPAT:**
 - Down due recruitment, investment in office and IT infrastructure, and building business capacity

Residential valuations: Underpin first half results



Commercial
\$5.42m



Residential
\$6.49m

2015 Half year revenues

- **Residential:**
 - Creating integrated client program to support Banking panels
 - Proactive products that enhance productivity key to market success
- **Commercial**
 - Key hires in Victoria and Queensland to build expertise and drive growth
 - New valuation teams deepen sector expertise

Broadening customer base

- **Residential sector**
 - Integrated national structure to increase cross border sales
 - Recruitment and training underpin long-term success
 - New office infrastructure (work hubs) improve team agility
- **Commercial sector**
 - Senior Valuers hired to strengthen sector expertise
 - Client prioritisation to improve share of property services
 - Key national clients identified and strategies developed

Towards Excellence:

- **Strategic Plan: blueprint for market expansion**
 - End-to-end review of valuations gives new perspectives
 - Improved Risk Management systems
 - Focus on anticipating client needs: leading rather than reacting
 - Brand development and client engagement: employer of choice
- **Office infrastructure**
 - Revamp LMW offices over 12 months to create new work hubs
 - Consistent methodologies and business processes
 - IT investment creates market advantage, leverage LMW brand
 - Simpler workflows; working smarter

Towards Excellence

- **Recruitment**

- New team structures centred on sector expertise
- Investing in valuation staff – trainees and senior
- Actively working to retain the talent we train
- Risk Management and Human Resources important roles

- **Integrated National Structure**

- One business; removing blocks, improved internal reporting
- Executive Leadership Team to deliver group results
- Aggregation of sector specialisation
- Focus on reporting accountabilities for sales targets and results

Focus for 2015

| | Opportunities | Progress |
|---------------------|--|--|
| Residential | <ul style="list-style-type: none"> • Substantial room for organic growth • Market indications continued residential sales at current levels • Place on banking panels increasingly important • Invest in systems and products to value add to lenders and owners | <ul style="list-style-type: none"> • Revenues up \$1m for the half year • New structure in place to support expansion of market share • Renewed focus on client engagement • Continuing investment in IT to build client value |
| Commercial | <ul style="list-style-type: none"> • Right people in place to grow Victorian market • Significant opportunities for organic growth • Coordinated national services to align with client requirements • Client specific research and sharing of knowledge to assist in property selection | <ul style="list-style-type: none"> • New commercial business structure • Risk management strengthened with key appointment • Co-ordinated client engagement; not ad hoc • Building teams around sector specialisation |
| LMW in total | <ul style="list-style-type: none"> • Continue to invest in our people – employer of choice • Invest in intellectual property and develop mobile systems to assist staff with valuations | <ul style="list-style-type: none"> • One business – removing silos • Renewed investment in HR expertise • Focus on risk management and training • Major IT refresh: infrastructure and hardware • Focus on brand development • Premises upgrades |

The Australian Property Valuation Sector



Our World

Market Size

- Approaching \$1bn in valuation fees
- Top 10 market share approaching 70% (LMW: 5th)
- > 3,000 valuers across Australia
- Few firms with national footprint
- Few independent – no real estate agency attached

Major players

- **CBRE:** property portfolio valuation main strength
- **Opteon:** conglomerate of 25+ valuers under common brand, no back office synergies
- **Herron Todd White:** strong residential focus, mixture of franchise, license and owned

Short Term Trends

- Development of firms with national footprint
- Increased competition on prices for residential sector
- Continued growth due to increased market activity

Long Term Trends

- Rationalisation of valuation sector as clients demand national business
- Ability to value add services to differentiate between small and large firms
- Independence from sales process

Residential and Commercial Markets

| | Residential | Commercial |
|-------------------|---|---|
| Market factors | <ul style="list-style-type: none"> • High volume; • Owner; price focus • Importance of bank panels | <ul style="list-style-type: none"> • Lower volume; repeat business • Owners expertise focus • Client relationships |
| Major players | <ul style="list-style-type: none"> • Heron Todd White • Opteon • LMW • CBRE | <ul style="list-style-type: none"> • CBRE • Jones Lang LaSalle • LMW • Colliers |
| Short Term Trends | <ul style="list-style-type: none"> • Margins under threat • Curb side valuations • War for talent | <ul style="list-style-type: none"> • Not as price sensitive • Residential Property Developments • Increasingly specialised |
| Long Term Trends | <ul style="list-style-type: none"> • Impact of technology • Data aggregation | <ul style="list-style-type: none"> • Attraction of new talent • Impending impact of technology |

Creating Long Term Shareholder Value

Value Proposition

- LMW leading provider of independent valuation and accompanying professional property services
- Creating a suite of integrated services that align with the needs of clients
- Property knowledge across multiple valuation sectors

Market Gaps

- Ability to provide full range of valuations services
- Independent valuation advice
- Valuation expertise
- Corporate intellectual property
- Geographic diversity

Customer Attributes

- National property portfolios
- Wanting additional services – property economics, advisory, urban planning
- Want long-term partnerships