

## Chairman's Address

As I prepared this speech, I reflected back twelve months to my joining the Board of LandMark White and becoming the Chair. LandMark White was starting a pivotal year. Chris Nicholl as CEO had been in the role for just on six months and was deep in a strategic review of LMW, ably assisted by his Senior Management Team.

There has always been a lot to like about LMW; the past year has been one of change and refocusing as Chris Nicholl and his Senior Executive Team repositioned LMW and brought renewed emphasis to the underlying strengths of our business.

The full year results as outlined on this slide show the progress made in the continued growth of both residential and commercial sectors. In the 2015 financial year:

- Gross Revenues grew 10.7% to \$24.7 million
- Group Revenues (these exclude our franchise revenues) rose 7.7% to \$19.7 million
- Residential Revenues were \$13 million up from \$11.5 million
- Commercial Revenues were \$11.7 million up from \$10.8m

However because of the impact of our investment in new staff, two one-offs and other business improvement and infrastructure expenditures there was a decline in Net Profit After Tax to \$780,000.

As we outlined at the time of the Full Year Results growth could not come without investment. LMW is a professional services company and as such our core strength is the quality of our people. However, employing the best valuers would be wasted if LMW did not back them with dynamic business processes and the technology that would allow them to meet client needs.

We have always expected once the right people were that the revenues would grow strongly.

### **FY16 Half Year Net Profit**

As we announced to the market yesterday, revenues for the half year has risen 19%. The resultant impact on Profit before Tax will deliver a half year result **in the order of twice that for the previous corresponding half year period.**

We still have more work to do in building our professional services teams and building our client base; however the work of the past 12 months has created the right foundation from which LMW can grow.

Nevertheless, this growth has not come at the expense of sound risk management processes. Our investment in staff training and strengthening our Risk Management team is a clear signal to our clients that we are serious about protecting their investments. Having robust risk management processes means clients know that there is a standard set of valuation methodology behind LMW's reports. This focus on risk management has resulted in LMW's professional indemnity insurance premiums being reduced for each of the past two years.

## **National Footprint and Market Opportunities**

While LMW has had a strong presence on the eastern seaboard of Australia, we decided to make a 12.5% strategic acquisition in our joint venture partner LMW Hegney who cover Western Australia and South Australia. This acquisition broadens our ability to meet the needs of our major clients nationally. The two companies share a common valuation platform and have worked together for five years. There are readily achievable synergies available that will further contribute to the top and bottom line growth in the near term.

The focus on national footprint and broadening revenue base underpins the Board's decision to ask shareholders to increase the equity capital available to the company. We know the market is undergoing a period of consolidation and that there are opportunities for expansion. While Whilst LMW have considered a number of opportunities, none have fitted our key performance indicators to warrant further action.

Additional equity provided under resolution 5 will give the company the flexibility if needed to acquire new operations that will build the profile of LMW and meet the future needs of our clients.

## **Outlook**

The Board expects the fundamentals underpinning the property sector to remain constant in the short to medium term. Continued low interest rates will ensure there is continued strong activity in the residential sector.

LMW is well placed for growth due to its independence and the expertise of its valuation teams. The business strategies that include service diversification and enhanced client engagement ensure LMW is well placed to continue to grow its market share across the board in FY2016.

In conclusion I would like to pay tribute to the hard work that the Chris Nicholl and his senior management team, who have led their fellow staff with focus and commitment, ensuring we implemented the strategy of Towards Excellence and maintained the impetus across the year. I also want to thank LMW's people in all parts of the company, for their dedication to meeting the needs our customers and to rolling up their sleeves and assisting in building a dynamic company. These are the people who make it all happen.

Shareholders, we have established a strong platform for your company, from which there are many options to grow.

## **Managing Director's Address**

The past financial year can be categorised as the year we created a strong platform through good decisions and the implementation of our Towards Excellence strategy.

As we stated in the Full Year Results, the past year was one of investment to build valuation capacity and create the necessary infrastructure for growth. The "Towards Excellence" strategic plan with its five pathways provides the overarching objectives. Our purpose was to have a set of initiatives that would create growth across all segments of our business. "Towards Excellence" creates the framework for a shared vision with concrete measures of success and a mixture of short, long-term and stretch goals.

### **Residential Property**

The continued growth in residential valuation revenues over the past twelve months are in part a reflection of the increased activity in this sector and the continuation of low-interest rates. However the internal restructure that we implemented also produced a more cohesive approach for our clients. Resulting in LMW being added to more banking panels, where our national footprint continues to be a major contributor to this success. Our increased market share was also due to our investment in systems and technology to improve the productivity of our valuers to enable them to respond better to our clients' needs.

### **Commercial Property**

Commercial property values are closely tied to the overall performance of our economy. So while our commercial valuation revenues are improving the division still requires additional investment. This sector has many niche markets, and each requires specialist knowledge. Traditionally LMW has been influential in the valuation of Commercial, Retail, Going Concerns, Industrial and residential development assets.

Our Residential Developments business has grown in the past 12 months to form a larger part of our business as a result of increased client demand. The depth of experience and expertise of our valuers has seen them rapidly become one of the leading valuation teams in this sector. The success of this particular niche gives us a blueprint to grow our market share across the other commercial property sectors by augmenting our sector expertise nationally.

### **Operational Achievements**

A top to bottom review of LMW's processes and practices gave the Senior Management team a plan for growing market share and business margins. The primary focus was to a deeper client base while restructuring the company and inducting new staff.

IT innovation to improve the productivity of our valuers and the quality of our client reporting garnered most of Management's attention during the year. The result has been well worth the effort. A range of back-office systems and new business process are now improving valuation productivity allowing LMW to create a better suite of services for our clients. All the IT projects were delivered within the specified budgets and with minimal delays; reflecting the strong management and focus on detail and deliverables.

If expertise and knowledge are important criteria for our clients, leadership is not far behind. We made a number of senior appointments in our Commercial divisions to create a more proactive team culture. The result has been a stronger platform for major clients who increasingly want only to deal with one valuation firm nationally.

## **Towards Excellence**

As I mentioned at the start of this address the “Towards Excellence” the plan has five strategic pathways. They are:

- People
- Innovation
- Planning and executing for growth
- Measurement
- Communication

In the first months of its implementation, my Senior Management Team and I introduced all of the staff to the plan and the expectations that underpin it.

Part of the process of having these company-wide initiatives is to create a collaborative spirit and to have everyone thinking as one company. Allied to this we embarked on a refresh of our brand that you in this year’s annual report. This branding will be reflected in our marketing materials in the coming months. Our website has been revamped and went live yesterday.

The refresh of the brand also allowed us to spend time talking about our corporate aspirations. It also offers an opportunity to communicate a greater understanding of what LMW represents as a company and how we meet the needs of our clients.

## **Core Elements of LMW Success**

Part of the Towards Excellence strategy is to build the capacity of our staff. Recognising staff are our core strength we are proactively providing career paths and mentoring for junior valuers. LMW has long been recognised as the training ground for valuers. We are now intent on keeping the talent we train through continuous investment in their training and the necessary business systems to broaden their ability to meet the needs of our clients.

Client relationships are central to our success and over the years our teams have forged many great partnerships. We are creating services, advice and research products that competitors can't provide. Additionally we have put in place the necessary framework to implement the concept of “client-centric” account management.

## **Building the Best Teams**

To achieve a better account management structure, we also invested in creating a proactive cohesive and collaborative team culture. Essential to this has been our emphasis on thinking as one company. The mantra we have is that a supportive culture internally creates strong open external leadership – a core requirement for our clients.

The Board and I are committed to continuing LMW's role as a leading employer of choice. We know that we have some of the best valuers in the country and as we grow we will need to attract similar talent. Our ability to offer productive workplaces, strong, cohesive teams and well-defined career paths will go a long way to ensuring LMW achieve its goals.

### **Australian Market**

The two significant factors contributing to the continued growth in the property valuation and sales market are low-interest rates and the national shortage of housing.

It is our expectation that we are unlikely to see a significant weakening in demand for residential valuations while interest rates remain at current levels. While not all states are experiencing the demand that is apparent in the Sydney residential market there are no substantial weaknesses.

The commercial sector remains active with clients looking for quality of service, national footprint and consistency of staff expertise. We will continue to develop our sector expertise to meet the needs of our clients.

### **FY2016**

In conclusion, FY 2015 has been a year of transition for LMW we have created the necessary frameworks required to create long-term sustainable shareholder value and returns. We are now seeing the returns on these investments and strategies. While there is still much to be done, and more investments still need to be made, LMW is well placed to for continuing growth in the coming years.