

13<sup>th</sup> April 2017

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## LandMark White to Acquire MVS National

- LandMark White Limited (LMW) and MVS National (MVS) have entered into an agreement under which LMW will acquire 100% of MVS.
- MVS is a leading, nation-wide property valuation firm that provides property valuation services to the residential, commercial and government sectors.
- Merger to generate significant cost synergies and revenue enhancements.
- The combined companies will create the largest ASX listed valuation services business.
- Transaction is significantly EPS accretive (anticipated at circa 50% increase over the full financial year).

The Board of LandMark White (ASX: LMW) is pleased to announce that it has entered into an agreement to acquire national property valuation firm, MVS National. The merger of LMW and MVS creates the largest ASX listed valuation services business and accelerates LMW's market share expansion in the national valuation market. In addition to increasing the scale of LMW's residential and commercial divisions, MVS brings to LMW a leading government and statutory division, with an enviable list of local, state and federal government clients.

Chris Coonan, LMW Chief Executive Officer said: "The merger creates the opportunity for the expansion of valuation services across private, corporate and government sectors within the market. Combining the businesses will allow us to build on the success and strength of both organisations, enhancing outcomes for all of our stakeholders."

Tony Onsley, MVS Chief Executive Officer said: "This is exciting news for all of us, as our people and customers alike can expect to realise the benefits of greater scale and national capability. Importantly, MVS's current owners will become shareholders in LMW as part of the merger transaction, and form part of the leadership and management going forward."

The merger is expected to create substantial cost synergies between the two businesses and will enable LMW to expand on MVS's strong service offering through LMW's substantial national network of valuers.

The merger will also improve the revenue profile of the group by achieving geographical diversification across further markets, as well as diversification across valuation sectors. MVS has a high component of government and statutory income.

### About MVS

Established in 1996, MVS is regarded as one of Australia's leading providers of property valuation services. MVS is now one of the largest property valuation firms in the country, with 85+ valuers



and the ability to accept briefs nationwide and across sectors including residential, commercial, government & statutory, and insurance.

MVS Financial Performance	Financial Year 30 June 2016 \$'000	12 months to 31 December 2016 \$'000
Revenue	22,862	28,863
Profit Before Tax *	3,573	6,542
Profit After Tax *	2,405	4,579

\* Normalised

### Material Terms of the Acquisition

LMW has agreed to acquire 100% of MVS based on a maximum price of 4.5x Calendar 2017 EBITDA, of which a total of \$23.3m is payable upon completion as follows:

- AUD16,000,000 cash consideration; and
- AUD7,300,000 scrip consideration to be satisfied by way of issue of fully paid ordinary LMW shares to be issued at the same price per share as the proposed Capital Raising (as described below).

The remainder of the consideration is payable in late 2020 by way of issue of fully paid ordinary shares to the MVS vendors and is subject to the performance of the acquired business over the 2018, 2019 and 2020 financial years. The earn-out payment is capped at \$11.7m.

The initial consideration and the earn-out consideration have been structured so that the total consideration payable shall be the lesser of 4.5x Calendar 2017 EBITDA (provided that such amount will not be less than \$23.3m) or \$35m. On the occurrence of an acceleration event, such as a takeover or scheme of arrangement in respect of LMW, the earn-out will be paid at that time.

### Conditions Precedent to the Acquisition

The key conditions in the agreement include:

- Shareholder approval for the issue of the consideration shares & the capital raising;
- LMW raising a minimum of \$16 million to fund the acquisition; and
- Obtaining a small number of customary third party consents (where required).

If the conditions are not satisfied or waived by 30 June 2017 (or such later date as may be agreed), the agreement may be terminated by either party. The fully paid ordinary LMW shares to be issued on completion will be subject to voluntary escrow arrangements with one quarter of the LMW shares issued on completion released from escrow every 6 months.

The MVS entities will transition to LMW's branding and LMW will not change its name as a result of the transaction. The ASX has confirmed that LMW will not be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules, and shareholder approval for the increase in the scale of LMW's operations as a result of the acquisition is not required.



## Capital Raising

LMW will fund the acquisition through a total capital raising of AUD20,500,000. This is planned to be undertaken via private placement at \$0.60 per share to raise AUD10,000,000 to institutional and sophisticated investors, and a concurrent non-renounceable 3 for 5 pro rata offer to raise up to AUD10,500,000. LMW is currently finalising details of the placement and rights issue. It is anticipated that further details of the capital raising will be announced in the coming week.

## Effect of the Transaction on LMW

The transaction is transformative in the growth of LMW. It is anticipated to create a significant increase in Earnings Per Share (circa 50% increase full fiscal year) which, along with the increased numbers of shares, will generate greater demand for shares in LMW driving increased liquidity.

The expected effect of the transaction including the acquisition and capital raising is set out below:

A	B	C	D	E
Particulars	Before Transaction \$'000	Increase due to Transaction \$'000	After Transaction \$'000	Change due to Transaction %
Total Consolidated Assets	11,209	12,500 <sup>1</sup>	23,709	112%
Total Equity Interests				
• At completion	8,321	28,382 <sup>2</sup>	36,703	341%
• assumes payment of \$8.7m earn-out in 2020	8,321	37,300 <sup>3</sup>	45,621	448%
• assumes payment of \$11m earn-out in 2020	8,321	40,375 <sup>4</sup>	48,696	485%

A	B	C	D	E
Particulars	Before Transaction	Increase due to Transaction	After Transaction	Change due to Transaction %
Total Securities on Issue				
• At completion	29,547,326	47,304,167	76,851,493	160%
• assumes payment of \$8.7m earn-out in 2020	29,547,326	62,166,667	91,713,993	210%
• assumes payment of \$11.7m earn-out in 2020	29,547,326	67,291,667	96,838,993	228%

<sup>1</sup> MVS consolidated assets

<sup>2</sup> Includes maximum of \$20.5m raised under placement and pro rata offer; \$7.3m in vendor shares issued at completion; \$582,500 in adviser shares; excludes earn-out payable in 2020.

<sup>3</sup> Includes maximum of \$20.5m raised under placement and pro rata offer; \$7.3m in vendor shares issued at completion; \$800,000 in adviser shares PLUS estimated earn-out payable in 2020 of \$8.7m.

<sup>4</sup> Includes maximum of \$20.5m raised under placement and pro rata offer; \$7.3m vendor shares at completion; \$875,000 in shares issued to advisor PLUS maximum earn-out payable in 2020 of \$11.7m.

A	B	C	D	E
Particulars	Before Transactions	Projected increase due to Transaction	After Transactions (B + C)	Increase due to Transaction % (C/B)
Consolidated Annual Revenue	22,849,000	35,151,000	58,000,000	154%
Consolidated Annual Profit / (Loss) Before Tax	2,368,000	7,332,000	9,700,000	310%
Consolidated Annual Net Profit (Loss) / After Tax	1,675,000	5,125,000	6,800,000	306%

**Indicative Timetable:**

Event	Estimated Date
Execute agreement to acquire MVS	Wednesday, 12 <sup>th</sup> April 2017
Announce details of placement and non-renounceable rights issue and commence rights issue timetables	Thursday, 20 <sup>th</sup> April 2017
Extraordinary General Meeting	Wednesday, 24 <sup>th</sup> May 2017
Rights Issue and Placement close	5pm, Friday, 26 <sup>th</sup> May 2017
Completion of MVS acquisition and issue of shares under capital raising	Wednesday, 31 <sup>st</sup> May 2017

For further information please contact our Company Secretary as below:

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 CFO & Company Secretary  
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