

# Opening the door to property, mortgage and franchise expertise



Belvoir Group


**Belvoir Group PLC**  
MelloLondon Investor Presentation  
November 2022



## Introduction to Belvoir Group

# A long-standing record for delivering growth

	<p><b>Experience</b> 24 years of property sector</p> <p><b>Length of service</b> 17 years</p> <p><b>Shareholding</b> 646,322 shares (1.7%)</p> <p><b>Share options</b> 348,422</p>
<p><b>Dorian Gonsalves</b> Chief Executive Officer</p>	

	<p><b>Experience</b> 20 years board-level on AIM</p> <p><b>Length of service</b> 8 years</p> <p><b>Shareholding</b> 418,923 shares (1.1%)</p> <p><b>Share options</b> 299,597</p>
<p><b>Louise George</b> Chief Financial Officer</p>	


<p><b>Incorporated in 1995</b></p> <p><b>Floated in 2012 at 75p with market cap of £16m</b></p> <p><b>Ticker: BLV</b></p> <p><b>Market cap currently around £76m</b></p> <p><b>History of reliable dividends with yield currently at 4.4%</b></p> <p><b>2022 in line with managements expectations</b></p> <p><b>Research note available:</b> <a href="http://www.finncap.com/research-portal#/portal/finncap">www.finncap.com/research-portal#/portal/finncap</a></p> <p><b>finnCap target price at 385p</b></p>

## H1 2022 overview

# Key highlights – interims 2022

### Financial highlights

Revenue

**£15.4m**

+12% (H1 2021: £13.8m)

FY21 £29.6m (FY20: £21.7m)

Profit before tax

**£4.0m**

-16% (H1 2021: £4.8m)

FY21 £9.3m (FY20: £6.7m)

EPS

**8.7p**

-12% (H1 2021: 9.9p)

FY21 20.4p (FY20: 15.1p)

Net debt

**£2.5m**

-36% (H1 2021: £4.0m)

FY21 £1.3m (FY20: £3.7m)

### Operational highlights



Offices

**473**

+1% (H1 2021: 467)



Financial advisers

**301**

+36% (H1 2021: 221)



House sales

**4,889**

-21% (H1 2021: 6,166)



Managed properties

**73,300**

+2% (H1 2021: 71,600)

## Our business

# Belvoir Group is a leading UK property, mortgage and franchise group operating through two divisions



### Opening the door to **property expertise**

**BELVOIR!**

Established 1995

**159**  
offices



Acquired 2015

**39**  
offices



Acquired 2016

**93**  
offices



Acquired 2020

**16**  
offices



Acquired 2021

**20**  
offices



Acquired 2022

**10**  
territories



Dual-branded  
branches since 2020

**36**  
branches

### Opening the door to **mortgage expertise**

Brook Financial Services  
trading as



Acquired 2017

**100**      **301**  
businesses      advisers

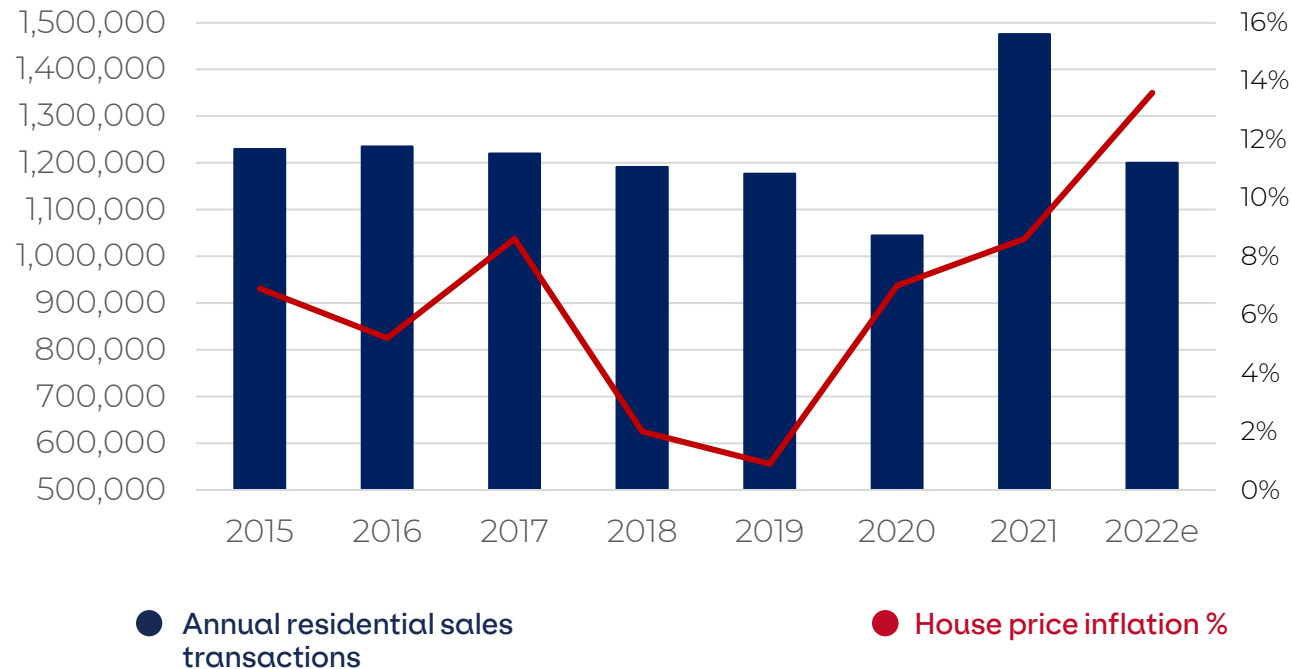
Total offices

**473**



## Market update – residential house sales

### 2022 transactions YTD have reverted to pre-pandemic levels



“ 90% of Belvoir’s business is outside of the M25 where average house prices and rents are lower

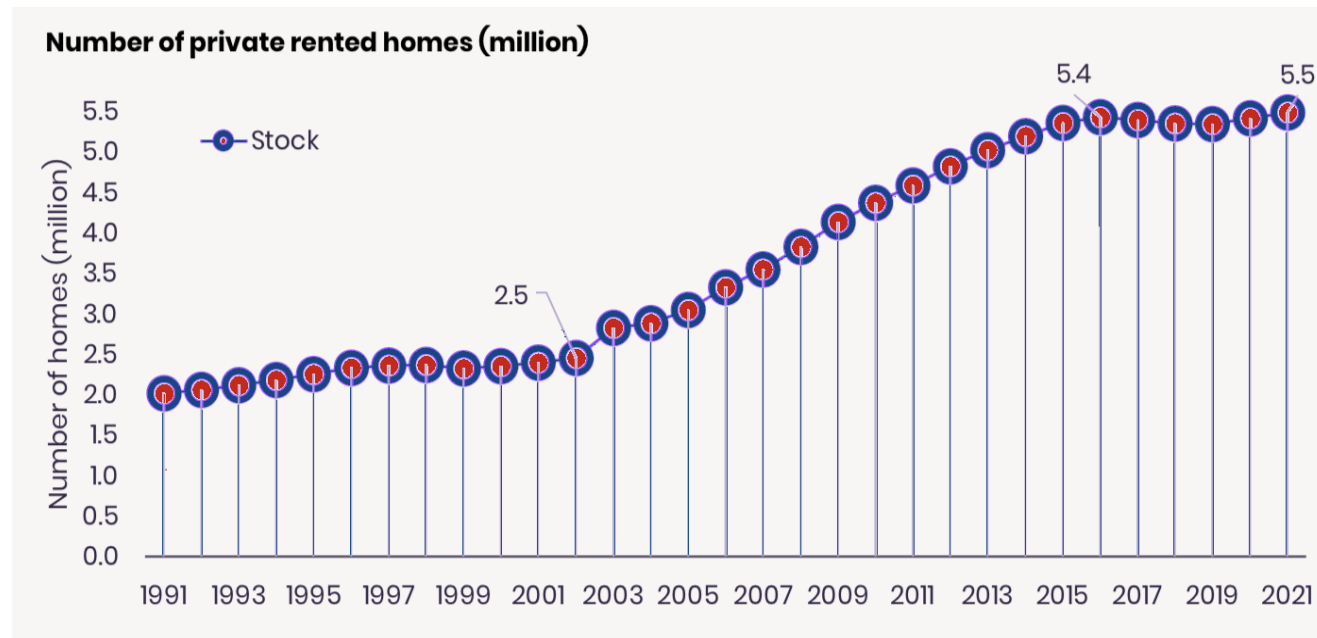
Source: HMRC / Zoopla

#### Residential property market

- Whilst 21% down on 2021, UK residential sales transactions have reverted to pre-pandemic levels in 2022 to date
- Market is now adjusting to higher mortgage rates
- Impact on buyer demand depends on affordability and extent of reliance on higher loan to value mortgages
- 48% of buyers use cash or small mortgages
- Buying power for a £200,000 house with a 75% LTV mortgage has reduced by 30%-35%
- First-time buyer demand has dipped post mini budget but still 7% higher than pre-pandemic
- Demand from all buyers is still 4% higher than in 2019
- Greatest impact in areas where house prices are higher

## Market update - lettings

# Growth in the private rental sector since 1991



“ Our franchisees are reporting that demand continues to significantly outstrip supply of available rental properties

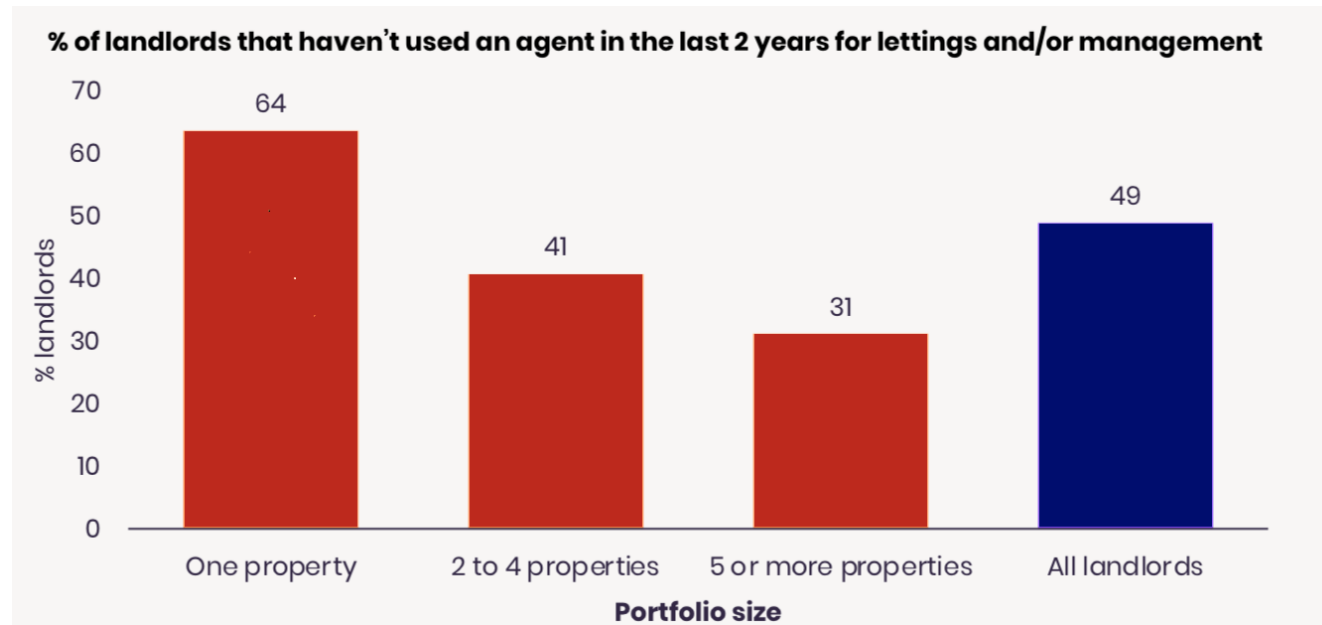
Source: HMRC / Zoopla / Homelet

## Lettings market

- Low stock levels and excess demand is driving up rents
- September 2022 ONS rental index, reflecting **all tenancies**, at 3.6%
- Homelet reports rent increases on **new tenancies** over 10%
- As a result of increasing rents and a lack of available properties, fewer tenants are moving
- ONS deem private rent affordability as 30% or less of household income
- Rent as a %age of household income at 30.6% (34.9% in London) largely unchanged for the last 4 years

## Market update – lettings (continued)

### The lettings opportunity



“ Extending our addressable market to the 49% of landlords who do not currently use an agent

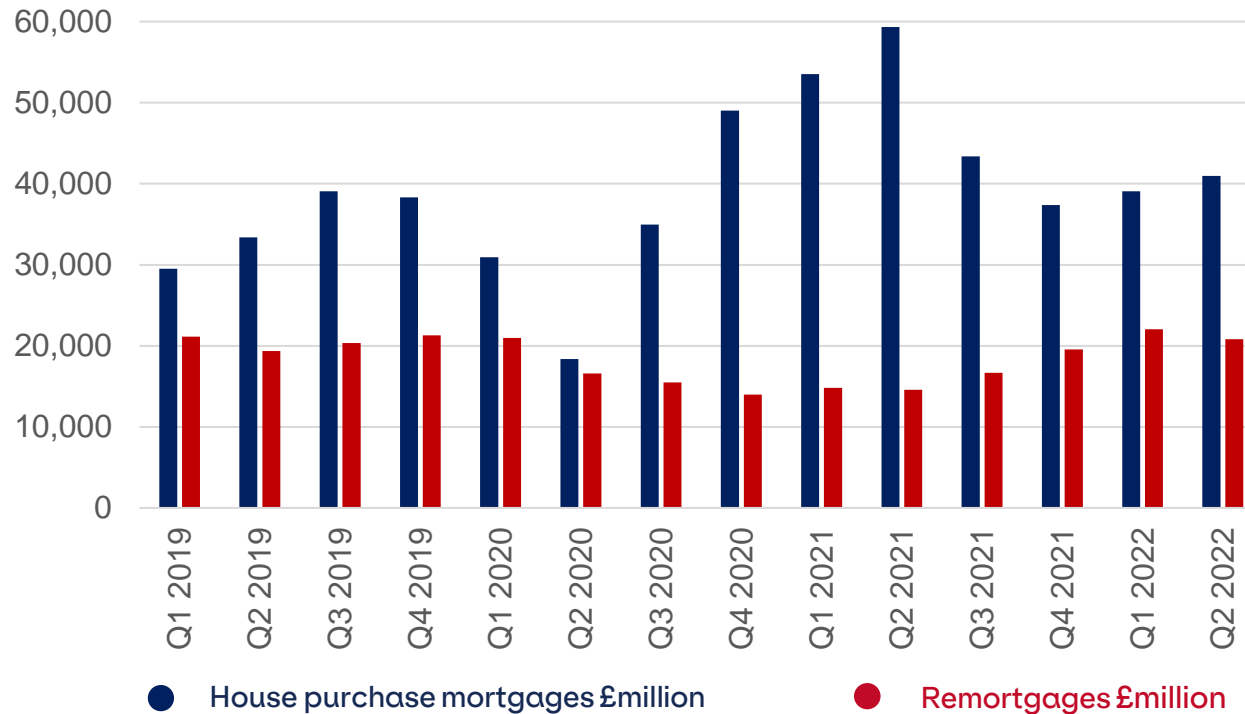
Source: Private Landlords Survey 2021

### Changes on the way

- 49% of landlords do not use a lettings agent
- This equates to around 2.7m rental properties
- Renters Reform Bill expected by May 2023
  - Abolishing Section 21 “no-fault” evictions
  - Abolishing fixed term tenancies
  - Limiting rent increases
  - Extending the Decent Homes Standard to the PRS
  - Private Renters Ombudsman
  - Blanket ban on excluding tenants on DSS or with children or pets
  - Landlords required to register on new property portal enabling enforcement of landlord obligations
- These changes are likely to encourage landlords to use a professional lettings agent

## Market update – financial services

### Remortgage market stimulated by interest rates increases



#### Mortgage market

- House purchase mortgages have fallen back in line with residential property sales market
- Longer timescales to completion resulting in significant mortgage pipelines
- Interest rate increases stimulated the remortgage market in 2022
- Mortgage rates jumped up following the “mini budget” but have since fallen back and are expected to fall back further
- 11m of UK’s 28m households have mortgages. With half of these on 5-year fixed deals, only one-third of mortgages need re-fixing each year
- The impact on these households of rising rates will be considerable but drawn out in macro terms
- Meanwhile first-time buyers and those looking to upsize will be affected immediately



Our financial services division continues to benefit from having a substantial client bank to service, along with continued client recommendations.

Source: Bank of England



## Investment case

# Why invest in Belvoir?

Proven multi-brand franchise network model



**7** brands

Entrepreneurial franchisees and advisers coupled with specialist central support

History of strong financial growth



**8.7p** H1 2022 earnings per share

Half-year EPS more than doubled in five years to 2022

Long-serving, experienced leadership team



**13** years average length of service

Stable management team of 3 executive directors and 14 senior managers

High degree of recurring revenue



**60%** gross profit from recurring lettings

Highly cash generative underpinned by recurring core lettings business

Diversification



**£1.7m** financial services gross profit

Up from £0.3m in H1 2017 prior to FS growth strategy

Successful acquisition strategy



**10** corporate acquisitions since 2015

Plus over 120 assisted acquisitions since 2014

## Summary and outlook

# Proven business model and growth strategy

### Continuing to invest for growth

- Expanded service offering through acquisition of MMC personal agency network
- Expanded geographic reach of financial services through acquisition of TIME
- Investing in our teams to support growing networks
- Appointment of Jon Di-Stefano as Chairman, brings extensive experience of both the property sector and of AIM

### Encouraging results year to date

- 2022 performance to date in line with management's expectations
- Strong balance sheet with adequate resources to support further strategic growth
- The Board continues to look for high quality, accretive and complementary acquisition opportunities to supplement organic growth

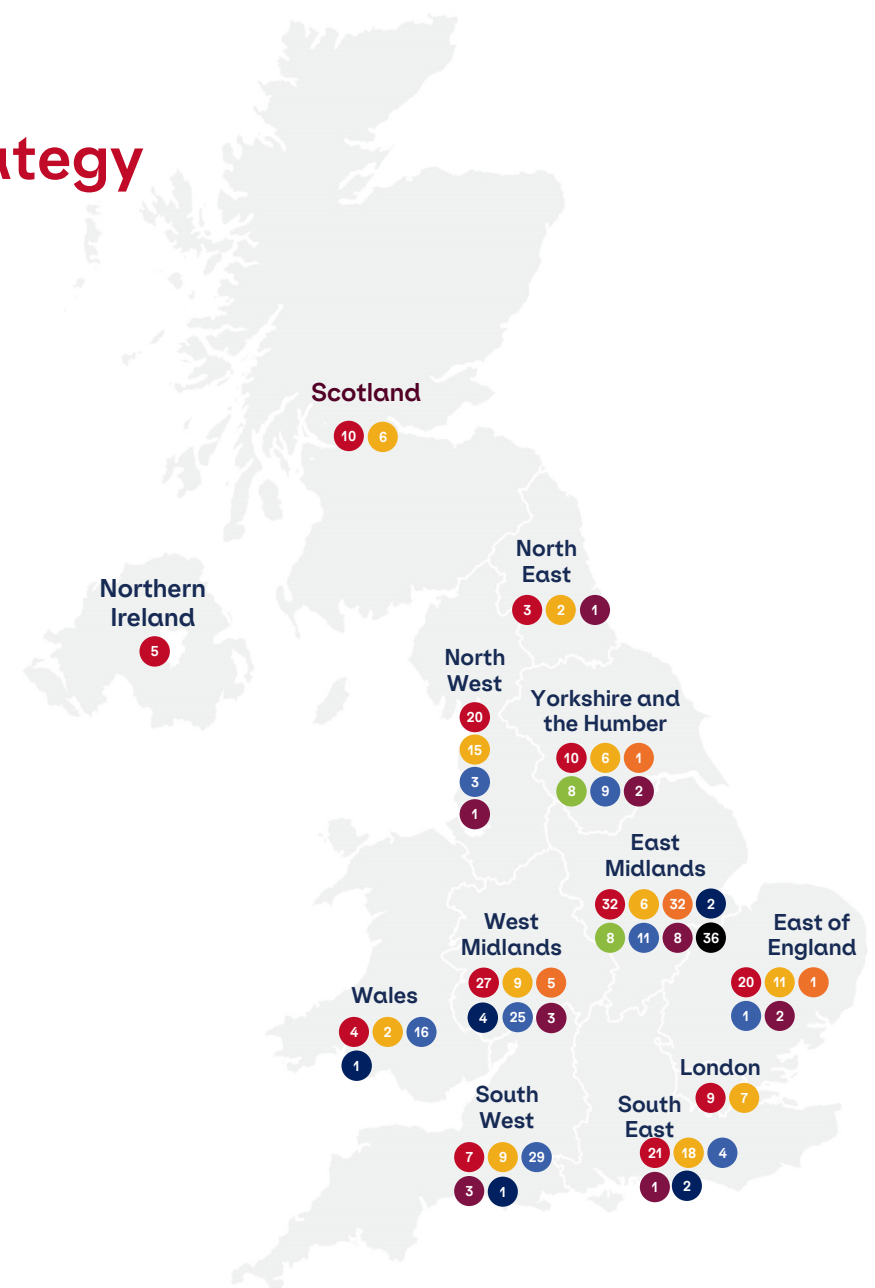
### Offices

<b>159</b>	Belvoir
<b>93</b>	Northwood
<b>39</b>	Newton Fallowell
<b>16</b>	Lovelle
<b>20</b>	Nicholas Humphreys
<b>10</b>	Mr and Mrs Clarke
<b>36</b>	NBS dual-branded
<b>100</b>	Financial services

### Total

**473**

Nationwide



# Belvoir Group PLC investor presentation

## Disclaimer

This document has been prepared by Belvoir Group PLC (the 'Company') solely for use at the presentation to retail investors at MelloLondon Investor conference on 16-17 November 2022. We understand that the presentation will be distributed to retail investors by Shares. For the purposes of this disclaimer, "Presentation" shall mean this document, the oral presentation of the slides by the Company and related question-and-answer session and any materials distributed at, or in connection with, that presentation.

The Presentation does not constitute or form part of and should not be construed as, an offer to sell or issue, or the solicitation of an offer to buy or acquire, securities of the Company in any jurisdiction or an inducement to enter into investment activity. No part of this Presentation, nor the fact of its distribution, should form the basis of, or be relied on or in connection with, any contract or commitment or investment decision whatsoever.

The Presentation contains forward-looking statements. They are subject to risks and uncertainties that might cause actual results and outcomes to differ materially from the expectations expressed in them. You are cautioned not to place undue reliance on such forward-looking statements which speak only as of the date hereof. The Company undertakes no obligation to revise or update any such forward-looking statements.

The information and opinions contained in this Presentation do not purport to be comprehensive, are provided as at the date of the Presentation and are subject to change without notice. The Company is not under any obligation to update or keep current the information contained herein.