Interim results
For the year ending 30 June 2016

Mike Goddard: Chairman and Chief Executive Officer
Louise George: Chief Financial Officer
H1 2016 overview

• Further good progress in our multi-brand strategy with the acquisition of Northwood in June 2016

• 306 outlets nationwide, up 44% (H1 2015: 197) including 86 Northwood outlets and 8 net additional Belvoir outlets

• Group revenue up 60% to £4.3m including £1.3m contribution from three acquired networks

• Underlying MSF up 46% to £2.6m (H1 2015: £1.8m)

• Networks now account for c.54,000 managed properties (H1 2015: c.33,000)

• Lettings: sales mix of 73:27 (H1 2015: 87:13)

• Adjusted profit before tax up 69% to £1.3m (H1 2015: £0.7m)

• Adjusted EPS of 3.3p (H1 2015: 2.5p)

• Interim dividend of 3.4p consistent with 2015
Northwood acquisition  (7 June 2016)

• Northwood GB Limited was the largest independent UK lettings franchise, established in 1995

• Operating 86 outlets nationwide

• Established well-respected brand and a good strategic fit for the Belvoir Group

• Unique guaranteed rent scheme for landlords provides a genuine market differentiation

• 91% lettings and 9% property sales

• Initial consideration of £8.0m and two year earn-out

• Funded by £2.5m of equity and additional bank lending of £6.0m

• Total consideration is estimated at £15.0m; contractual cap of £22.0m

• Capitalising on Belvoir’s franchising expertise
BELVOIR!

Financial review
## Statement of comprehensive income

<table>
<thead>
<tr>
<th>Half year to 30 June</th>
<th>H1 2016</th>
<th>H1 2015</th>
<th>FY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>4,293</td>
<td>2,675</td>
<td>6,947</td>
</tr>
<tr>
<td><strong>Administrative expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ongoing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exceptional – acquisition costs</td>
<td>(3,148)</td>
<td>(2,073)</td>
<td>(4,799)</td>
</tr>
<tr>
<td>(193)</td>
<td></td>
<td></td>
<td>(201)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>952</td>
<td>602</td>
<td>1,947</td>
</tr>
<tr>
<td><strong>Finance costs</strong></td>
<td>(32)</td>
<td>(33)</td>
<td>(61)</td>
</tr>
<tr>
<td><strong>Finance income</strong></td>
<td>151</td>
<td>178</td>
<td>338</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>1,071</td>
<td>747</td>
<td>2,224</td>
</tr>
<tr>
<td></td>
<td><strong>pence</strong></td>
<td><strong>pence</strong></td>
<td><strong>pence</strong></td>
</tr>
<tr>
<td><strong>Basic EPS</strong></td>
<td>2.6</td>
<td>2.5</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Adjusted EPS</strong></td>
<td>3.3</td>
<td>2.5</td>
<td>7.3</td>
</tr>
<tr>
<td><strong>Dividend for the year</strong></td>
<td>3.4</td>
<td>3.4</td>
<td>6.8</td>
</tr>
</tbody>
</table>
Financial highlights

Revenue up by 60% to £4.3m
- Underpinned by MSF growth of 46% to £2.6m (H1 2015: £1.8m)
- Franchise sales up 14% at £163k (H1 2015: £143k)
- Revenue from corporate-owned Belvoir outlets up 38% to £0.8m (H1 2015: £0.6m)

Ongoing admin expenses up 52% to £3.1m
- £0.6m increased costs of operating additional networks
- £0.15m increased costs associated with operating three additional corporate-owned Belvoir outlets
- £0.15m higher costs of operating Central Office
- Additional £0.1m amortisation re acquisitions

Adjusted profit before tax up 69% to £1.3m
- After £0.2m exceptional acquisition costs (H1 2015: nil)
Group MSF growth

- MSF growth of £0.8m; up 46% year-on-year
- Belvoir network growth of 5%:
  - 3% like-for-like lettings growth
  - 3% from property sales
  - 0.7% from franchisee acquisitions
  - (1.7%) conversion of Grantham and Devizes to corporate offices
- Newton Fallowell and Goodchilds contributed £0.5m over the full six month period adding 30% of MSF growth
- Northwood contributed £0.2m in one month adding 11% of MSF growth

Peak in March caused by rush to beat the stamp duty increase on second properties
Statement of financial position

### Fixed assets
- Acquisition of Northwood for £15.0m
- Franchisee loan book at £4.4m

### Cash and bank
- Period end bank balance of £1.3m
- Bank lending at £7.0m

### Liabilities
- Deferred consideration of:
  - £7.0m on Northwood (contingent)
  - £0.4m on Goodchilds

<table>
<thead>
<tr>
<th>As to 31 December</th>
<th>June 2016</th>
<th>June 2015</th>
<th>Dec 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Loans to franchisees</td>
<td>4,403</td>
<td>4,836</td>
<td>4,507</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>1,911</td>
<td>967</td>
<td>1,239</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,251</td>
<td>1,124</td>
<td>2,679</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>36,262</strong></td>
<td><strong>9,068</strong></td>
<td><strong>20,928</strong></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>1,635</td>
<td>756</td>
<td>1,005</td>
</tr>
<tr>
<td>Bank loans</td>
<td>7,014</td>
<td>1,250</td>
<td>1,000</td>
</tr>
<tr>
<td>Deferred consideration</td>
<td>7,375</td>
<td>-</td>
<td>3,144</td>
</tr>
<tr>
<td>Tax – payable &amp; deferred</td>
<td>2,793</td>
<td>278</td>
<td>1,358</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>18,817</strong></td>
<td><strong>2,284</strong></td>
<td><strong>6,507</strong></td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td><strong>17,445</strong></td>
<td><strong>6,784</strong></td>
<td><strong>14,421</strong></td>
</tr>
</tbody>
</table>
Statement of cash flow

Northwood acquisitions
• Initial consideration paid of £8.0m

Cash and bank lending
• New bank lending of £7.0m:
  • £0.9m to settle existing lending
  • £6.1m to fund Northwood

Equity transactions
• Share issue of £0.9m to settle Newton Fallowell final earn out
• Share issue of £2.5m to fund Northwood
• Final 2015 dividend paid of £1.0m at 3.4p per share (2015: 3.4p)

<table>
<thead>
<tr>
<th></th>
<th>June 2016</th>
<th>June 2015</th>
<th>Dec 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>1,176</td>
<td>696</td>
<td>2,362</td>
</tr>
<tr>
<td>Movements in working capital</td>
<td>16</td>
<td>24</td>
<td>2</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(305)</td>
<td>(172)</td>
<td>(572)</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td><strong>887</strong></td>
<td><strong>548</strong></td>
<td><strong>1,792</strong></td>
</tr>
<tr>
<td>Corporate acquisitions</td>
<td>(7,768)</td>
<td>-</td>
<td>(6,651)</td>
</tr>
<tr>
<td>Capital expenditure less proceeds on disposals</td>
<td>(59)</td>
<td>(7)</td>
<td>(88)</td>
</tr>
<tr>
<td>(Acquisition)/disposal of owned outlets</td>
<td>(31)</td>
<td>(111)</td>
<td>-</td>
</tr>
<tr>
<td>Franchisee loans – net movement</td>
<td>99</td>
<td>129</td>
<td>689</td>
</tr>
<tr>
<td>Finance income</td>
<td>151</td>
<td>178</td>
<td>338</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td><strong>(7,608)</strong></td>
<td><strong>189</strong></td>
<td><strong>(5,712)</strong></td>
</tr>
<tr>
<td>Bank loan advances net of repayments</td>
<td>6,000</td>
<td>(250)</td>
<td>(521)</td>
</tr>
<tr>
<td>Equity dividends paid</td>
<td>(1,039)</td>
<td>(816)</td>
<td>(1,749)</td>
</tr>
<tr>
<td>Net proceeds of share issue</td>
<td>2,301</td>
<td>-</td>
<td>7,444</td>
</tr>
<tr>
<td>Deferred consideration payment</td>
<td>(1,901)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(68)</td>
<td>(33)</td>
<td>(61)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td><strong>5,293</strong></td>
<td><strong>(1,099)</strong></td>
<td><strong>5,113</strong></td>
</tr>
<tr>
<td><strong>Net cash movement</strong></td>
<td>(1,428)</td>
<td>(362)</td>
<td>1,193</td>
</tr>
</tbody>
</table>
NatWest new banking terms

- £7.0m loan provided £6.1m of new money
- Margin (+ LIBOR) 2.5%
- Capital repayment holiday of 9 months to March 2017
- Annual capital repayments of £0.7m
- Financial covenants:
  - Gross leverage of 2.0x
  - Interest cover of 5.0x
  - No cap on dividend subject to covenant and 12 month look forward compliance
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Operational Review
Operational highlights

• Multi-brand franchising
• Franchisee recruitment
• Franchise acquisitions
• Property sales
• Award winning service
Multi-brand franchising

- Three new franchise networks acquired within last year: Newton Fallowell, Goodchilds and Northwood
- Added 131 new outlets to the Group
- Contributed £1.3m revenue and £0.5m profit after tax in H1 2016
Franchisee recruitment

- Four new franchise owners recruited in Bromley, Hull, Reading and Sutton
- Oakham and Romford taken on as second territories
- Two resales in Tamworth and West Bridgford
- Four new outlets arising from franchise-led acquisitions opened in Orkney, Haydock, Swale and Yardley

Outlets
Belvoir 175 (H1 2015: 166)
Newton Fallowell 31 (H1 2015: 31)
Goodchilds 14
Northwood 86
Total network: 306 (H1 2015: 197)
Franchisee acquisitions

- Part-funding franchisee acquisitions is a key part of achieving network and Group growth

- Seven acquisitions completed in 2016 to date utilising £450,000 of Belvoir funding and adding:
  - £1.3m pa to network revenue
  - £158,000 pa in recurring annual MSF

- Minimal impact on H1 results as six completed in June and July

- Pipeline of over £3.5m potential acquisitions in progress or under consideration
Property sales

• Property sales boosted the Belvoir network MSF growth by 3%

• Property sales represent 9% of the Northwood MSF and is targeted for growth

• Newton Fallowell and Goodchilds added:
  • £0.3m of sales MSF
  • £0.3m of corporate sales revenue

• 216 (2015: 111) outlets now trained to offer estate agency service including 50% of the Belvoir network

• Lettings to sales ratio at 73:27 (H1 2015: 87:13) reflecting strong sales bias of Newton Fallowell
Award winning service

- Gold: Lettings Franchise of the Year – Belvoir!
  - Lettings Agency of the Year Awards 2016 in association with The Times and The Sunday Times
  - 6th Gold Award in 7 years
  - Judges referred to Belvoir’s progressive view
  - Attributed Belvoir franchisee confidence to Belvoir’s in-house support structure
  - Award is the longest running recognition focused solely on lettings and most sought after in industry

Belvoir!
Market update

- Quarterly Rental Index shows that rents increased by 6.75% in Q2 compared with 4% for Q2 of 2015
- However, the lettings market has been tempered by:
  - a lower level of BTL mortgage lending (down 39% in July 2016 compared with July 2015) reducing the number of new rental properties to the market
  - Longer average tenancies, now at 13-18 months, having reduced revenue from fees relating to tenant changeover
- The sales market outside of London is broadly stable following the uncertainty caused by Brexit
- No discernable impact from Brexit to date

“Increase in tenant demand driven by a lack of affordable homes, economic uncertainty and changing priorities amongst the younger generation”
Summary and outlook

**Summary**
- Acquisition of Northwood positions Belvoir as the largest property franchise group in the UK
- Ongoing assimilation of new networks
- Continuing growth of the Belvoir network with particular emphasis on franchisee acquisitions

**Outlook**
- Current trading underpinned by recurring lettings revenue
- Organic growth tempered by legislative BTL changes
- Growth opportunities identified from offering additional services
- Belvoir well placed to benefit from consolidation within the sector both as individual franchisees and as a franchisor
- Group on track to meet its strategic objectives
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