Results for the six months ended 30 June 2013

Mike Goddard, Chairman, Dorian Gonsalves, CEO
Carl Chadwick, CFO
Belvoir!

- UK’s fastest growing lettings franchise
- High levels of franchise retention & renewal
- Strong, recognisable and award winning brand in the residential lettings marketplace
- High levels of franchise retention & renewal
- Strong, recognisable and award winning national brand in the residential lettings marketplace
- Local franchisees have experience, local knowledge and incentivised to succeed
- Scope for significant further growth: current market share of Belvoir franchise < 1.5% of addressable market
Financial

- Revenue increased 35% to £2.5m (H1 2012: £1.8m) driven by strong acquisition success and own operated franchises
- Profit after tax up 26.6% at £0.56m (H1 2012: £0.44m)
- Operating margin before exceptional items at 31.6%. (H1 2012: 48.5%) due to costs incurred in running estate agency owned outlets of £150k & lettings owned outlets of 648k
- Interim dividend up 17% of 3.4p (H1 2012: 2.9p)
- On track to meet Full Year market expectations
- Historic H2 weighting, insurance renewals due to have impact in November, Trading since June has been robust with a record July.
Operational

- Office locations grown to 155 (Dec ‘12:149)
- 8 new outlets since Dec ‘12
  - 3 new Corporate outlets; Oldham, Ashton, Cumbria
- 5 acquisitions completed by Belvoir franchisees in the first six months by Thirsk, Selby, Ipswich, Congleton, Inverness, Falkirk and Telford outlets
- Enhanced market presence
  - Acquisition of Claygold Property Limited May 2013 in Hampshire and Soames in London
- Estate agency pilot scheme launched
Agenda

1. Financial Results for half year to June 2013

2. Operational and Business Review for half year June 2013

3. Market Review and Trading Update
Financial Results
Six Months to June 2013
Half Year to 30 June 2013
Financial Results

Group revenues up 35% to £2.5m

Operating profit before exceptional items 11% lower at £0.78m (2012: £0.88m)

Exceptional costs represent the acquisition costs in relation to Claygold Property
MSF Continues to Grow

- Monthly MSF income increased from £20k to a peak of £271k over the last 10 years
- 35 franchises achieved growth of more than 10%
- 45 franchises had turnover of more than £100k
## Consolidated P&L

<table>
<thead>
<tr>
<th>Six months ended</th>
<th>June 2013</th>
<th>June 2012</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
<td></td>
</tr>
<tr>
<td>Turnover</td>
<td>2,474</td>
<td>1,831</td>
<td>35%</td>
</tr>
<tr>
<td>Overheads</td>
<td>(1,692)</td>
<td>(943)</td>
<td>79%</td>
</tr>
<tr>
<td>Operating profit before exceptional items</td>
<td>782</td>
<td>888</td>
<td>-11.9%</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>(69)</td>
<td>(467)</td>
<td></td>
</tr>
<tr>
<td>Finance costs</td>
<td>(32)</td>
<td>(34)</td>
<td></td>
</tr>
<tr>
<td>Finance income</td>
<td>51</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>732</td>
<td>396</td>
<td>85%</td>
</tr>
<tr>
<td>Taxation</td>
<td>(175)</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td>557</td>
<td>440</td>
<td>26.6%</td>
</tr>
<tr>
<td>Dividends</td>
<td>(599)</td>
<td>(600)</td>
<td></td>
</tr>
<tr>
<td>Movement on reserves</td>
<td>(42)</td>
<td>160</td>
<td></td>
</tr>
</tbody>
</table>
## Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>30 June 2013</th>
<th>30 June 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill &amp; Intangibles</td>
<td>2,380</td>
<td>38</td>
</tr>
<tr>
<td>Tangible Fixed Assets</td>
<td>649</td>
<td>424</td>
</tr>
<tr>
<td><strong>Working Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>1,121</td>
<td>472</td>
</tr>
<tr>
<td>Creditors</td>
<td>(838)</td>
<td>(346)</td>
</tr>
<tr>
<td><strong>Other Balances</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans To Franchisees and Staff</td>
<td>1,270</td>
<td>415</td>
</tr>
<tr>
<td>National Promotional Fund</td>
<td>(164)</td>
<td>(150)</td>
</tr>
<tr>
<td>Corporation and Deferred Tax</td>
<td>(427)</td>
<td>(434)</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>(600)</td>
</tr>
<tr>
<td>Bank Loans</td>
<td>(3,459)</td>
<td>(1,475)</td>
</tr>
<tr>
<td>Cash</td>
<td>1,736</td>
<td>3,211</td>
</tr>
<tr>
<td><strong>Shareholders’ Funds</strong></td>
<td>2,268</td>
<td>1,555</td>
</tr>
</tbody>
</table>
## Consolidated Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>June 2013</th>
<th>June 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>£’000</strong></td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td><strong>EBITDA before Exceptional items</strong></td>
<td>824</td>
<td>898</td>
</tr>
<tr>
<td>Movement in working capital</td>
<td>(457)</td>
<td>(327)</td>
</tr>
<tr>
<td>Taxation</td>
<td>(44)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Generated from Operations</strong></td>
<td>323</td>
<td>571</td>
</tr>
<tr>
<td>Proceeds from share issue</td>
<td>-</td>
<td>6,870</td>
</tr>
<tr>
<td>Paid for shares</td>
<td>-</td>
<td>(4,294)</td>
</tr>
<tr>
<td>Flotation costs</td>
<td>-</td>
<td>(359)</td>
</tr>
<tr>
<td><strong>Generated by IPO</strong></td>
<td>-</td>
<td>2,217</td>
</tr>
<tr>
<td>Loans to Employees and Franchisees</td>
<td>(474)</td>
<td>(199)</td>
</tr>
<tr>
<td>Capital expenditure, acquisitions and costs</td>
<td>(1,655)</td>
<td>-</td>
</tr>
<tr>
<td>Bank Loans and Mortgage</td>
<td>2,279</td>
<td>(225)</td>
</tr>
<tr>
<td>Dividends and share buyback</td>
<td>(599)</td>
<td>-</td>
</tr>
<tr>
<td>Net Finance Income/(Cost)</td>
<td>19</td>
<td>(25)</td>
</tr>
<tr>
<td><strong>Utilisation of Cash</strong></td>
<td>(107)</td>
<td>2,339</td>
</tr>
</tbody>
</table>
## Profit split by income stream

<table>
<thead>
<tr>
<th></th>
<th>Turnover</th>
<th>Costs</th>
<th>PBT</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSF and Franchise Support</td>
<td>1446</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Franchise Sales</td>
<td>129</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>1575</strong></td>
<td><strong>875</strong></td>
<td><strong>700</strong></td>
</tr>
<tr>
<td>Lettings Outlets</td>
<td>693</td>
<td>648</td>
<td>45</td>
</tr>
<tr>
<td>Estate Agency</td>
<td>143</td>
<td>150</td>
<td><em>(7)</em></td>
</tr>
<tr>
<td>Other</td>
<td>63</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>Acquisition costs</td>
<td></td>
<td>69</td>
<td><em>(69)</em></td>
</tr>
<tr>
<td></td>
<td><strong>2474</strong></td>
<td><strong>1742</strong></td>
<td><strong>732</strong></td>
</tr>
</tbody>
</table>

- **Stronger H2 expected**
  - Estate agency pilot scheme gives access to more property streams
  - Impressive start on acquisitions in H1
  - Good initial uptake on November Franchisee course
Market Review and Trading Update
Market Drivers Remain Strong

Future Potential of the Rental Market*

- Private rented sector now accounts for ~18% of all households across England and Wales and ~11.6% in Scotland (Census data)

- Average rents in mainstream market forecast to increase by ~18.2% by 2017

- One in five households in England will be renting in the private sector by 2016. (Total of 5.9m households)

- No. households renting privately increased from 2.6m to 4.2m between 2001 and 2011 across England and Wales. (Census data)

- Estimated 4.8m households in the private rented sector in 2012. (Census data)

- Less than 1% owned by major corporate landlords; majority owned by small buy-to-let landlords

- Total private rented sector currently worth ~£840bn

* Research provided by Savills Report July 2013, Savills Research, Jacqui Daly
Progress since IPO

• Network increased from 142 outlets at IPO to 155 active offices with three due to open in next month: Kingston, Southampton and Aldershot

• Successful acquisitions in Telford, Ipswich, Thirsk, Selby, Congleton, Inverness and Falkirk

• Targeting South East and London Markets
  • 3 offices opened in H1 2013
  • 3 more offices in next month

• Estate Agency pilot scheme launched
Estate Agency Pilot - facts

- Sales Pilot commenced in September
- Offices included in the pilot
  - 10 franchise offices across the country
  - 4 corporate offices (Grantham and 3 Redwoods)
  - 2 franchise offices have purchased Estate Agency acquisitions
- Successful initial training dates – 4 further dates booked in during the trial
- Branding amended for pilot offices (lettings specialist removed)
Estate Agency Pilot – why?

- Pent up demand in Buy-to-Let market
- Additional revenue stream
- Access to more properties and landlords
- Increased board presence in local markets
- Arrangements with house builders and both Belvoir Sales and Belvoir Lettings teams
- Feasibility study completed - 70% of Franchisees supportive of pilot scheme
National Marketing - Summary

Lifestyle imagery and branded cars

Website

On-line reviews & social media

CAMERON - 20 Apr 2011
★★★★☆ Agree with other landlords listed here. Good agent.

Apps: iPhone, Blackberry, Android and iPad

To Let boards

Landlord newsletter
The opportunity

- 356 free territories by postcode, many located in densely populated areas
- 158 territories already granted
- Significant opportunities for expansion in London & South England
- Approx. 21m private homes in England – approx. 4.2m privately rented (increase of 67% since 2001)
- Approx. 1.4m Private Landlords - market trends indicating rental market to increase
- Belvoir’s 155 franchisees manage over 25,000 properties
Summary & Outlook
Summary & Outlook

Summary

- Voted IPO of the year in Dec ‘12
- 6 new outlets in this period
- Progressive dividend payments
- Estate Agency pilot scheme launched September 2013
- Further progress on acquisition programme with 5 major acquisitions this half
- On track to meet Full Year market expectations

Outlook

- 3 new locations in coming weeks: Southampton, Kingston upon Thames, Aldershot
- Market drivers indicate good lettings and sales environment
- Belvoir continues to grow and making particular progress in the London and South East markets which hold huge potential
Appendix
Franchising...

- Full member of the British Franchise Association - the voluntary self-regulating governing body for franchising
- 897 franchise systems operating in the UK with a total of 36,900 units
- Economic contribution of franchising to the UK economy is estimated to be £12.4 billion – an increase of 5% since last year
- Since 2005, there has been an 18% increase in the number of property service franchises
- Belvoir offer a compulsory 3 week training course for all franchise owners
- Belvoir have a good relationship with its banks who can offer up to 100% funding for franchise owners

All statistics from the NatWest bfa Franchise Survey 2012
Belvoir Franchise Model

- Belvoir retains power to monitor standards and control brand through franchise agreement
- National brand benefits franchisee & attracts new franchisees
- Local brand promotion by franchisee benefits national network
- National brand provides economies of scale, access to network of other franchise owners, centralised support and training, brand development and consistency & access to a large marketing website
- Belvoir brand well known in the residential lettings market
- Belvoir brand protected by trademarks and copyright
- Cost effective, low capital intensive way of growing the business
Belvoir Franchise strategy

- Five year franchisee licences granted – further 5 year renewable period
- Licence granted to exclusively trade a territory with the benefit of:
  - compulsory 3 week initial training course;
  - use of the Belvoir brand;
  - Belvoir business know how - centralised support and training;
- Modest initial set up fee - £22,500
- Ongoing management fee of 12% of franchisee monthly turnover
- Grow existing franchisees’ business
- Add franchisees in free territories each year
- Strong national brand, extensive head office support and successful track record of existing franchisees attracts new franchisees
Strong Board Team

Executive Directors

Mike Goddard
Chairman
Founder and Managing Director until July 2010
Director of BFA, The Property Ombudsman and European Franchise Federation. Wing Commander in the RAF as culmination of 17 year career

Dorian Gonsalves
Chief Executive Officer
7 years estate agency experience with Countrywide
Joined Belvoir in 2005 as Business Development Director rising to Head of Sales and Director of Operations. Managing Director from July 2010

Carl Chadwick
Finance Director
Chartered Accountant for 30 years, training with KPMG and PWC
Corporate Finance specialist for 20 years with PKF, Grant Thornton & Sunaxis. Retail experience at Boots and part of the team building Boots Opticians. Joined Belvoir as FD in 2011

Non-Executive Directors

Karen Bach
Non-Executive Director
Chairman of Audit Committee
Karen’s career includes public, private and multi-national corporate businesses including IXEurope Plc, Advanced Computer Software Plc. and Kewill Plc. as CFO. Karen is a Trustee of the eLearning-Foundation.

Nicholas Leeming
Non-Executive Director
Chairman of Remuneration Committee
Nicholas was the joint founder of Propertyfinder, the UK’s first national property portal. A qualified Chartered Surveyor Nicholas was a practising agent for over 15 years.
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