

# BELVOIR!

## Belvoir Lettings plc

Possible merger with The Property Franchise Group ("TPFG")  
19 October 2017



# Merger proposition

## Overview

- Possible merger between Belvoir and The Property Franchise Group (“TPFG”)
- To be funded by a combination of new ordinary shares in Belvoir and cash
- Enables TPFG’s shareholders to realise some of their holding and still have a substantial stake in future upside
- New banking facility to provide cash element
- Enlarged Group to be led by the existing Belvoir management team
- Strong preference to implement merger on a recommended basis
- In spite of expressing prior willingness to engage, TPFG’s board has declined the proposal on the basis that “this is not an opportune time”
- Belvoir welcomes the opportunity for wider shareholder discussions

# Rationale

## The right time for industry consolidation

- The Belvoir Board believes a merger is in the best long term interest of both groups and respective shareholders given the high degree of similarity between Belvoir and TPGF
- Creates a more robust market position to meet changes within the sector
- Gives greater coverage across the UK through 683 outlets managing around 108,000 tenanted properties
- Enhances prospects for organic growth
- Opportunities for operational synergies and efficiencies, particularly re central office functions
- Platform from which to drive industry consolidation
- Scale to attract the best talent within the industry
- Enhanced stock market profile and greater share liquidity
- Attractive to a broader range of institutional investors

# Terms

## Proposed merger with TPGF

- Envisages a combination of new ordinary Belvoir shares and cash
- Assuming cash up to a max of 52.2p per share, under the terms of the Possible Merger Offer, a TPGF shareholder would receive 0.7150 Belvoir shares and 52.20 pence in cash
- This values TPGF at £33.7 million and each TPGF share at 130.5 pence
- New banking facility to provide cash element
- Based on respective closing share prices on 18 October, assuming 25,827,750 TPGF shares in issue, TPGF shareholders would hold approx 34.60% of the enlarged Group
- Cash element aimed at creating a partial liquidity event for TPGF shareholders
- Subject to pre conditions and reservations as set out in the RNS released by Belvoir, which includes the right to vary the form and mix of consideration

# Proposed board

## Driving growth of the enlarged Group

- The Belvoir Board believe that it is vital for the success of the enlarged Group that the Belvoir management team remain together led by Dorian Gonsalves as CEO
- Mike Goddard to remain as chairman
- TPGF Chairman to be offered the role of non-executive deputy chairman
- Louise George to remain as CFO



**Mike Goddard**  
Chairman



**Richard Martin**  
Non-executive deputy chairman



**Dorian Gonsalves**  
Chief Executive Officer



**Louise George**  
Chief Financial Officer

# Financing of possible merger proposal

## New banking terms

- New revolving credit facility from major UK leading bank
- Takes out existing Belvoir and TPGF bank debts reported as being £9,747,000 in the interim results of the six months to 30 June 2017 for Belvoir and TPGF



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