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BELVOIR!

BELVOIR LETTINGS PLC
(the "Company" or "Belvoir")

Interim Results for the six months ended 30 June 2015

Belvoir Lettings PLC (AIM: BLV), one of the UK's largest lettings franchises, is pleased to announce interim results for the six months ended 30 June 2015.

Financial Highlights

- Strong growth in Management Service Fees of 14% to £1.76m (H1 2014: £1.54m)
- Focused control of costs led to reduced administrative expenses (excluding corporates) by 11% to £1.30m (H1 2014: £1.47m) reflecting less reliance on outsourced professional services and no bad debts in the period
- Profit after tax maintained at £0.60m (H1 2014: £0.61m) despite the effect of the Election
- Earnings per share of 2.5p (H1 2014: 2.5p)
- Interim dividend unchanged at 3.4p (H1 2014: 3.4p)

Operational Highlights and Current Trading

- Belvoir network currently stands at 166 outlets having introduced 5 new franchisees to the network
- Pipeline of future franchisees now stronger reflecting renewed stability within the market following the General Election
- Roll out of estate agency services on target to achieve 35% of the Belvoir outlets by the end of the year
- Acquisition by franchise owner of agency in Bury supported by Belvoir central office funding of 50%
- Further franchise-led acquisitions in the pipeline for the second half
- Traditionally H2 has been stronger than H1 and this year should be no exception. Trading since the period end gives confidence that the Company remains on track to meet full year market expectations.

Post Period End Highlights

- First step in multi-brand corporate strategy completed in July 2015
- Acquisition of Newton Fallowell, a network of 30 franchised and one corporate estate and lettings agencies funded by means of a placing which raised gross funds of £4.28m (gross)
- Total network now stands at 197 outlets

Mike Goddard, Chief Executive Officer of Belvoir Lettings, commenting on the results, said:
"We are encouraged that our support of franchisee growth through targeted acquisitions is bearing fruit with a 14% growth in our management service fees (MSF). Even more importantly is our move into a multi-brand strategy with the purchase of Newton Fallowell in July, a well-known East Midlands franchise network of 31 offices. The impact of this and our stronger recruitment pipeline will start to show in H2 2015 and underpins our medium-term growth plans."

For further details:

Belvoir Lettings PLC 01476 584900
Mike Goddard, Chairman and CEO investorrelations@belvoirlettings.com

Louise George, Finance Director

Cantor Fitzgerald Europe 0207 894 7000
Rick Thompson, Phil Davies, David Foreman, Michael Reynolds
Corporate Finance
David Banks, Tessa Sillars
Corporate Broking

Buchanan 0207 466 5000
Charles Ryland, Gabriella Clinkard, Madeleine Seacombe

About Belvoir Lettings PLC

Belvoir was founded in February 1995 by Mike and Stephanie Goddard and operates from its Central Office in Grantham, Lincolnshire. Belvoir successfully listed on the AIM market of the London Stock Exchange on 21 February 2012.

Belvoir is recognised as one of the largest specialist lettings agency franchises in the UK, with 166 outlets nationwide. The company offers a specialist service in property rental, property management, residential lettings, buy to let and now property sales, in selected locations. Each local Belvoir office is owned and personally managed by local owners, operating under licence from Belvoir Property Management (UK) Ltd.

Belvoir was officially awarded the Best Lettings Agency Franchise Gold Award at the 2015 Agency of the Year Awards in association with The Sunday Times & The Times for the 5th time in the 6 years of the awards history.

In July 2015 Belvoir acquired Newton Fallowell Ltd, a network of 30 franchised and one corporate estate and lettings agencies, and is now committed to developing a multi-brand franchising strategy. Across the two networks, the Group operates through 197 outlets.

Chairman's Report

I am pleased to report on the Group's interim results for the six months ended 30 June 2015.

Overview

The Group continues to experience strong growth in its head line revenue from Management Service Fees (MSF) of 14%. Underlying like-for-like growth of 5.7% was boosted by a further 1.8% from the introduction of property sales and 6.9% from franchisee acquisitions supported by Belvoir funding.

The uncertainty caused by the General Election made the first half of the year a difficult period in which to recruit new franchisees to the network, given the prospect of a ban on tenant fees and the possible introduction of rent controls. As a result, there was no change in the number of Belvoir outlets during the first six months of the year having opened one, closed one and completed on the resale of three existing territories to new franchisees. The pipeline of future franchisees has been restored and is now considerably stronger, reflecting renewed stability within the sector. As a result, four further franchisees have been appointed since the period end and there is much greater positive momentum anticipated in the second half of the year.

In May, Belvoir provided 50% funding to its franchise owner in Bury for the acquisition of a leading local estate and lettings agency. This acquisition more than doubled the size of their business, expanding their lettings portfolio to over 1,000 properties and enabling them to gain a firm foothold in the estate agency market in Bury. The Group actively researches new acquisition targets for the network such that as our franchisee loan book is repaid, the Group is able to support further franchisee growth opportunities, and in doing so, to increase the Group's earnings through an increased Management Service Fee.

Following the launch of our property sales to the network in September 2013, a total of 53 franchisees have completed their sales induction training and are now equipped to offer this service. We are on course to achieve our target of having 35% of our network offering sales by the end of the year.

In June Belvoir won the Gold award for "Lettings Franchise of the Year" for a record fifth time and fourth consecutive year. The judges credited Belvoir's success in its continual investment in its audit team helping to keep standards consistently high. This is a real accolade for the Group and its staff.

Strategic growth

The decision by the Board to move into a multi-brand strategy started well with the purchase of Newton Fallowell, a network of 30 franchises and one corporate office based in the East Midlands. This strategy will enable us to increase our footprint more rapidly and also allow us to operate more than one outlet in every territory, dramatically increasing our longer term growth potential. The Board see this strategy as opening up more acquisition potential and anticipates the exploitation of other similar opportunities in the future.

Staff

I continue to be extremely pleased with the enthusiasm and energy shown by all our staff. Building a successful company requires immense teamwork and Belvoir are supremely lucky to have such a dedicated team, led by our Board of Directors and we are continually adding to this team as the Company grows.

Dividend

The Board has recommended an unchanged interim dividend of 3.4p per share.

Outlook

Traditionally H2 is stronger than H1 and this year should be no exception. The Election uncertainty held back our H1 performance and the market in general, particularly the recruitment of new franchise owners. Now this uncertainty is behind us we are looking forward to a stronger H2. With a much improved pipeline of new franchises and the effect of the additional 31 offices from the Newton Fallowell brand, the Board is confident that we are on course to achieve our targets this year and excited about the potential of an increased income from property sales, revitalised franchise recruiting, and the continuing acquisition programme.

Mike Goddard
Chairman and Chief Executive Officer

Financial Review

Revenue
Group revenue for the six months ended 30 June 2015 of £2,675,000 (H1 2014: £3,257,000) was underpinned by strong growth in management service fees (MSF) of 14% to £1,763,000 (H1 2014: £1,541,000). Sales of new and resales of existing franchised territories made a lower contribution of £143,000 (H1 2014: £226,000) reflecting market uncertainty in the period due to the General Election. Following, amongst other changes, the sale of the Grantham corporate outlet at the end of June 2014, corporate revenue and expenditure in the period reduced as expected by 39% and 32% respectively. There were no sales of any corporate outlets in the period compared to revenue of £428,000 on the disposal of the Grantham corporate office in the first half of 2014.

Overheads (excluding corporate outlet costs) were reduced by £168,000 (11%) having seen less reliance on outsourced professional services as a result of the organisation and management changes in June 2014. Also, there were no bad debts in the period (2014 H1: £0.69m).

Profit before taxation
Profit before taxation for the period was £747,000 (H1 2014: £773,000).

Taxation
The effective rate of corporation tax for the period was 20.25% (H1 2014: 22%).

Profit after taxation
In the six months ended 30 June 2015, profit after tax was £596,000 (H1 2014: £605,000).

Earnings per share
Earnings per share was 2.5p (H1 2014: 2.5p) based on an average number of shares in issue in the period of 24,010,417 (H1 2014: 24,010,417).

Dividends
The Board is proposing an unchanged interim dividend for 2015 of 3.4p per share, payable to shareholders on 15 October 2015 based upon the register on 18 September 2015. The ex-dividend date will be 17 September 2015.

Cash flow
The net cash inflow from operations was £720,000 (H1 2014: £739,000). Loans repaid to the bank in the period were £250,000 (H1 2014: £725,000).

Liquidity and capital resources
The Group had cash balances of £1,124,000 (H1 2014: £2,230,000) and a bank loan of £1,250,000 which is being repaid quarterly over the period to December 2017.

Financial position
The Group continues to operate from a sound financial platform generating cash from operations. The Group maintains a franchisee loan book, currently at £4,836,000 (H1 2014: £3,524,000), which has been used to support existing franchisees to accelerate their growth through acquisition and therein contribute towards increased Group revenue.

Louise George
Finance Director

Condensed Group Statement of Comprehensive Income

For the six months ended 30 June 2015

	Notes	Unaudited six months ended 30 June 2015	Unaudited six months ended 30 June 2014	Audited Year Ended 31 December 2014
		£'000	£'000	£'000
Continuing operations				
Revenue	2	2,675	3,257	6,507
Admin Expenses		(2,073)	(2,528)	(4,887)
Operating profit		602	729	1,620
Finance costs		(33)	(74)	(111)
Finance income		178	118	269
Profit before taxation		747	773	1,778
Taxation	4	(151)	(168)	(434)
Profit and total comprehensive income for the financial period		596	605	1,344
Profit for the period attributable to the equity holders of the parent company		596	605	1,344
Earnings per share (basic and diluted) from continuing operations	5	**2.5p**	**2.5p**	5.6p

The accompanying notes form an integral part of these consolidated interim financial statements

Consolidated Statement of Financial Position

As at 30 June 2015

	Unaudited At 30 June 2015 £'000	Unaudited At 30 June 2014 £'000	Audited At 31 December 2014 £'000
Assets			
Non-current assets			
Intangible assets	1,551	2,887	,1477
Property, plant and equipment	590	730	648
Trade and other receivables	4,836	3,524	4288
	6,977	7,141	6,413
Current assets			
Trade and other receivables	967	1,629	1,638
Cash and cash equivalents	1,124	2,230	1,486
	2,091	3,859	3,124
Total assets	**9,068**	**11,000**	**9,537**
Equity			
Shareholders' equity			
Share capital	240	240	240
Share premium	0	11,742	-
Share based payment reserve	42	-	33
Other components of equity	165	162	162
Merger reserve	(5,774)	(5,774)	(5,774)
Retained earnings	12,111	669	12,333
Total equity	6,784	7,039	6,994
Liabilities			
Non current liabilities			
Interest bearing loans and borrowings	750	-	1,500
Deferred tax	109	313	109
	859	313	1,609
Current liabilities			
Trade and other payables	756	2,040	725
Interest bearing loans and borrowings	500	1,502	21
Tax payable	169	106	188
	1,425	3,648	934
Total liabilities	2,284	3,961	2,543
Total equity and liabilities	**9,068**	**11,000**	**9,537**

The accompanying notes form an integral part of these consolidated interim financial statements

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2015

	Share capital	Share premium	Share based payment reserve	Merger reserve	Other components of equity	Retained earnings	Total equity
	£'000	£'000		£'000	£'000	£'000	£'000
Balance at 1 January 2014	240	11,742		(5,774)	162	880	7,250
Changes in equity							
Dividends	-	-		-	-	(816)	(816
Transactions with owners	-	-		-	-	(816)	(816)
Profit and total comprehensive income for the six month period	-	-		-	-	605	605
Balance at 30 June 2014 (Unaudited)	240	11,742		(5,774)	162	669	7,039
Cancellation of share premium		(11,742)				11,742	-
Share based payments			33		-	-	33
Dividends	-	-		-	-	(817)	(817)
Transactions with owners		(11,742)	33	-	-	10,925	(784)
Profit and total comprehensive income for the six month period	-	-		-	-	739	739
Balance at 31 December 2014 (Audited)	240	-	33	(5,774)	162	12,333	6,994
Changes in equity							
Share based payments			9				9
Dividends	-	-		-	-	(816)	(816)
Transactions with owners	-	-	9	-	-	(816)	(807)
Profit and total comprehensive income for the six month period	-	-		-	-	596	596
Balance at 30 June 2015 (Unaudited)	240	-	42	(5,774)	162	12,113	6,783

The accompanying notes form an integral part of these consolidated interim financial statements

Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Notes	Unaudited 30 June 2015 £'000	Unaudited 30 June 2014 £'000	Audited 31 December 2014 £'000
Operating activities				
Cash generated from operating activities	**6**	720	739	701
Tax paid		(172)	(284)	(454)
		548	**455**	**247**
Investing activities				
Capital expenditure on property, plant and equipment		(7)	(109)	(92)
Capital expenditure on intangibles		-	-	(20)
Adjustments to deferred income		-	-	(206)
Acquisition of corporate office		(111)	-	-
Disposals of own outlets		-	-	1,147
Franchisee loans granted		(243)	(1,803)	(3,110)
Loans repaid by franchisees		372	137	738
Finance income		178	118	269
Net cash from / (used in) investing activities		**189**	**(1,657)**	**(1,274)**
Financing activities				
Finance costs		(33)	(74)	(111)
Loan repayments in the period		(250)	(725)	(790)
Equity dividends paid		(816)	(816)	(1,633)
Net cash used in financing activities		**(1,099)**	**(1,615)**	**(2,534)**
Net change in cash and cash equivalents		**(362)**	**(2,817)**	**(3,561)**
Cash and cash equivalents at the beginning of the financial period		1,486	5,047	5,047
Cash and cash equivalents at the end of the period		**1,124**	**2,230**	**1,486**

Notes to the Interim Financial Statements

1 General information and basis of preparation

The financial information set out in these condensed consolidated interim financial statements for the six months ended 30 June 2015 and the comparative figures are unaudited.

They have been prepared taking into account the requirements of relevant accounting standards and the AIM rules. They do not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act and do not contain all the information required for full annual financial statements.

The statutory audited accounts for the year ended 31 December 2014 have been delivered to the Registrar of Companies in England and Wales. The Auditor's report on these accounts was unqualified and did not contain statements under Section 498 of the Companies Act 2006.

The condensed consolidated interim financial statements are presented in sterling, which is also the functional currency of the parent company.

Belvoir Lettings PLC is the group's ultimate parent company. The company is a Public Limited Company incorporated and domiciled in the United Kingdom.

Its registered office and principal place of business is The Old Courthouse, 60a London Road, Grantham, Lincolnshire, NG31 6HR. Its shares are listed on the AIM market of the London Stock Exchange.

The condensed interim financial statements for Belvoir Lettings PLC have been approved for issue by the Board of Directors on xSeptember 2015.

Significant accounting policies

The condensed consolidated interim financial statements have been prepared under the historical cost convention. Being listed on the AIM of the London Stock Exchange, the company is required to present its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS's") as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The accounting policies have been applied consistently throughout the group for the purposes of preparation of these condensed consolidated interim financial statements.

Revenue recognition

Revenue represents income from the sale of franchise licences, provision of training and ongoing support of the franchisees. Service fees are invoiced to individual franchisees on a monthly basis in relation to a percentage of their turnover for any given month, and are recognised at the point of invoice.

Revenue also includes fees generated by franchises operated within the Group. These internal franchises invoice landlords on a monthly basis and so recognise the income during the period in which the work is carried out.

Estate agency fees, a new revenue stream in the prior period, are recognised when the property sale has completed.

Initial franchise fees are recognised upon signing of the contract as it is at this point that the new franchisee has a legal obligation to make good the terms of the contract. The initial fees are for the use of the brand along with initial training, support and promotion during the opening phase of the new office. As such the Group regard this as a separate initial transaction for which they have fulfilled their obligations.

National Promotional Fund recharge is invoiced to franchise owners on a monthly basis and is calculated based on a percentage of the turnover of individual franchises. The fund is held internally (as agent for the franchise) for the purposes of promoting the brand to the benefit of all franchises.

An element of the National Promotional Fund is recognised as income each month in respect of management fees for promoting the brand. No other element of receipt is recognised as revenue.

2 Segmental information

The Executive Board, as the chief operating decision maker, reviews financial information for and makes decisions about the Group's overall franchising business and has identified the operating segments to be, that of property lettings franchising and owned operated lettings and estate agency outlets. Management do not report on a geographical basis and no customers represent greater than 10% of total revenue in either of the periods reported.

The segmental information is, therefore, the same as that set out in the consolidated statement of comprehensive income. The directors do not consider the presentation of gross profit within the Group statement of comprehensive income to reflect a true position of the Group's activities and core operations, which is that of a property letting franchisor. Therefore, the directors disclose operating profit as the key performance measure. The reported segment is consistent with the Group's internal reporting for performance measurement and resources allocation.

The directors believe there to be four material income streams which are split as follows:

	Unaudited Six months ended 30 June 2015	**Unaudited Six months ended 30 June 2014**	**Audited Year Ended 31 December 2014**
		£'000	
Management service fee	1,763	1,541	3,238
Own operated franchises - Lettings income	341	614	1,145
Own operated franchises - Estate agency fees	285	417	831
Initial fees and other income	286	685	1,293
	2,675	3,257	6,507

3 Dividends

The company will pay an interim dividend of 3.4p pence per share (£932,770) on 15 October 2015 to the shareholders on the register on 18 September 2015.

4 Taxation

Taxation has been calculated by applying the forecast full year effective rate of tax to the results for the period.

5 Earnings per share

Earnings per ordinary share have been calculated by dividing the profit after tax for the financial period, by the weighted average number of shares deemed to be in issue in the period under the pooling of interests method of accounting.

	Unaudited six months ended 30 June 2015	**Unaudited six months ended 30 June 2014**	**Audited Year Ended 31 December 2014**
Profit for the financial period (£'000)	596	605	1,344
Weighted average number of ordinary shares	24,010,417	24,010,417	24,010,417
Earnings per share	**2.5p**	**2.5p**	**5.6p**

6 Reconciliation of profit before taxation to cash generated from operations

	Unaudited 30 June 2015	**Unaudited 30 June 2014** £'000	**Audited 31 December 2014**
Profit before taxation	747	773	1,778
Depreciation and amortisation charges	101	53	224
Finance costs	33	74	111
Finance income	(194)	(118)	(269)
Share based payments	9		33
	696	782	1,877
(Increase)/decrease in trade and other receivables	(5)	(38)	151
Increase/(decrease) in trade and other payables	29	(5)	(1,327)
Cash generated from operations	**720**	**739**	**701**

7 Related party disclosures

The related party transactions that have occurred in the six months to 30 June 2015 are not materially different in size or nature to those reported in the Company's Annual Report for the year ended 31 December 2014.