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BELVOIR!

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

Interim Results for the six months ended 30 June 2016

Belvoir Lettings PLC (AIM: BLV), the UK's largest property franchise, is pleased to announce interim results for the six months ended 30 June 2016.

Financial Highlights

- Group revenue up 60% to £4.3m (H1 2015: £2.7m) following three significant acquisitions between July 2015 and June 2016. By comparison Belvoir like-for-like revenue increased by 10%
- Management Service Fees increased by 46% to £2.6m (H1 2015: £1.8m) reflecting continued organic growth and additional networks acquired
- Exceptional costs of £0.2m (H1 2015: nil) incurred on the acquisition of Northwood GB Limited
- Profit before tax (as adjusted for exceptional acquisition costs) up 69% to £1.3m (H1 2015: £0.7m)
- Basic earnings per share of 2.6p and adjusted earnings per share of 3.3p (H1 2015: both 2.5p)
- Interim dividend of 3.4p consistent with prior year

Operational Highlights

- A successful six months with much positive progress achieved
- Acquisition in June 2016 of Northwood, the largest remaining independent property franchise network with 86 lettings agencies, funded by additional bank debt of £6.0m and a successful equity fund-raising of £3.0m
- Five new franchised offices opened in H1 (H1 2015: 1)
- 50% of the Belvoir network now trained to offer estate agency
- Lettings to sales ratio of 73 : 27 (H1 2015: 87 : 13)
- Number of offices nationwide currently stands at 306 (H1 2015:197) across 4 networks

Mike Goddard, Chief Executive Officer of Belvoir Lettings, commenting on the results, said:
"Belvoir has had a very successful six month period during which much positive progress was achieved. Most notable of this was our acquisition of Northwood in June, which was the largest remaining property franchise network with 86 outlets, supported by a successful fund raise. Growth has been further supported organically by the entrepreneurial drive which continues across Belvoir's enlarged network of franchisees.

"Belvoir is on track to meet its objectives for the year as we continue to make good progress against our multi-brand strategic plan."

For further details:

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The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

About Belvoir Lettings PLC

Founded in 1995, Belvoir is the UK's largest property franchise group, with 306 outlets nationwide.

Since listing on AIM in February 2012 (BLV.L), Belvoir has continued to diversify its core business offer in lettings by broadening into property sales. Operating from its Central Office in Grantham, Lincolnshire, the Group now offers a range of specialist services in property rental, property management, residential lettings, buy to let and property sales.

Belvoir's core revenue is derived from Management Service Fees (MSF); a reliable recurring revenue model which allows the Group to offer franchisees significant support and advice.

In 2015 Belvoir launched its multi-brand franchising strategy; acquiring Newton Fallowell Limited, an East Midlands-based network of 31 outlets in July 2015 and Goodchilds Estate Agents and Lettings Limited, a West Midlands-based network of 14 outlets in October 2015. In June 2016 Belvoir acquired Northwood GB Limited, a network of 86 residential lettings and property sales agents operating across the UK, making Belvoir the largest property franchise group in the UK.

Belvoir continues to grow organically by delivering award winning service, prioritising franchisee recruitment and supporting franchisee acquisitions. In recognition, Belvoir was awarded the "Best Lettings Agency Franchise Award" at the 2016 Lettings Agency of the Year Awards for the sixth time since the awards started seven years ago.

The Company remains committed to diversifying its brand portfolio, utilising the Group’s strong franchising expertise and infrastructure, in order to capitalise on a consolidating market.

Chairman's Report

It gives me great pleasure to report on the Group's interim results for the six months ended 30 June 2016.

Overview

The last six months has been a further period of significant progress for the Belvoir Group. Not only has the Group continued its growth organically across all aspects of its business but it has also added substantially to its network of outlets (up 109 on H1 2015) due largely to the acquisition of Northwood (GB) Limited, the largest independent property franchise network in the UK, which added 86 new offices to the Group. With Management Service Fees ('MSF'), a key indicator of the success of the franchise owners, increasing by 46% to £2.6m, adjusted profit before tax increasing by 69% to £1.3m, and the number of managed properties increasing significantly from 37,000 to around 54,000, the Belvoir Group is growing strongly, with a solid financial platform. We are now firmly positioned as the largest property franchise Group in the UK and Belvoir is well placed to benefit from consolidation in the sector both as individual franchisees and as a franchisor.

Strategic growth

Belvoir's strategy continues to be focussed on the growth of the individual franchised outlets by promoting the Group's brands both locally and nationally, and furthermore by assisting them to purchase local lettings outlets. In addition, and on a larger scale, the Group continues to pursue a strategy of acquiring larger franchised networks thereby taking advantage of the potential economies of scale and the Group's deep and detailed franchise knowledge and experience in the property market.

Market

Both the sales and the lettings markets have been unsettled during H1 due to the changes to the tax regime and stamp duty for buy to let landlords and the uncertainty leading up to the EU referendum. However, the underlying demand for property continues, and, although organic growth has been tempered during the period, opportunities for the Group to grow through acquisitions and consolidation of the marketplace continues to accelerate.

Staff

I am indebted to my fellow Board members for their unstinting hard work in looking after the interests of shareholders, staff and franchise owners. During the period Mark Newton was appointed to the Group Board, as previously announced in March. He brings with him a wealth of experience in the property industry as well as being the founder of Newton Fallowell, one the Companies we acquired in July 2015.

I would also like to recognise the enthusiasm and dedication shown by our staff. Their commitment to making their own personal contribution to the success of the Group is much appreciated by the Board and I would like to take this opportunity to personally thank all staff members.

Dividend

It is the current policy of the Board to gradually increase dividend cover and we are therefore recommending an unchanged dividend of 3.4p per share for the half year. This will be reviewed again at the end of the year.

Outlook

Looking to the future I see continuing opportunities for Belvoir to consolidate the property market by assisting franchise owners to grow their networks by making local acquisitions and for the Group itself to continue to lead the overall property franchise market, by capitalising on its clear leadership and our entrepreneurial drive in this arena.

Mike Goddard
Chairman and Chief Executive Officer

Financial Review

Revenue
Group revenue for the six months ended 30 June 2016 increased by 60% to £4.3m (H1 2015: £2.7m) following three significant acquisitions between July 2015 and June 2016. These acquisitions were also reflected in the growth of the underlying MSF of 46% to £2.6m (H1 2015: £1.8m).

Initial franchise fees and resales commissions contributed £0.16m (H1 2015: £0.14m) of revenue.

Administrative expenditure
Ongoing administrative expenses were up by 52% to £3.1m (H1 2015: £2.1m) reflecting the increased costs of operating the additional networks and including £0.1m (H1 2015: nil) of related amortisation.

Exceptional costs arising from the acquisition of Northwood accounted for a further charge against operating profit of £0.2m (H1 2015: nil).

Profit before taxation
Profit before taxation for the period was up 43% to £1.1m (H1 2015: £0.7m) with adjusted profit before taxation up 69% to £1.3m (H1 2015: £0.7m) before £0.2m exceptional acquisition costs.

Taxation
The effective rate of corporation tax for the period was 23.5% (H1 2015: 20.25%).

Profit after taxation
In the six months ended 30 June 2016, profit after taxation was up 37% to £0.8m (H1 2015: £0.6m) with adjusted profit after taxation up 70% to £1m.

Earnings per share
Basic earnings per share was 2.6p and adjusted earnings per share was 3.3p (H1 2015: both basic and adjusted basic 2.5p) based on an average number of shares in issue in the period of 31,061,678 (H1 2015: 24,010,417).

Diluted earnings per share was 2.6p and adjusted diluted earnings per share was 3.2p (H1 2015: both basic and adjusted basic 2.5p) based on an average number of shares in issue in the period of 32,000,077 (H1 2015: 24,010,417).

Dividends
The Board is proposing an unchanged interim dividend for 2016 of 3.4p per share, payable to shareholders on 21 October 2016 based upon the register on 16 September 2016. The ex-dividend date will be 15 September 2016.

Cash flow
The net cash inflow from operations was £1.2m (H1 2015: £0.7m). The Bank extended its lending facility by a net £6.1m to fund the acquisition of Northwood.

Liquidity and capital resources
The Group had cash balances of £1.3m (H1 2015: £1.1m) and a bank loan of £7.0m which was extended by NatWest. £0.9m settled the existing bank loan and the balance was applied to the acquisition of Northwood GB Limited. The loan was drawn down at the end of May and has a nine month capital repayment holiday followed by quarterly repayments and a bullet repayment of £4.0m at the end of the 5 year term.

Financial position
The Group continues to operate from a sound financial platform generating sufficient cash from the operations of the enlarged Group to meet the additional interest and capital payable on the new loan facility and dividends

to the extended shareholder base. The Group maintains a franchisee loan book, currently at £4.4m (H1 2015: £4.8m), which continues to be used to support existing franchisees to accelerate their growth through acquisition and therein contribute towards increased Group revenue.

Louise George
Chief Financial Officer

Condensed Group Statement of Comprehensive Income

For the six months ended 30 June 2016

	Notes	**Unaudited six months ended 30 June 2016 £'000**	Unaudited six months ended 30 June 2015 £'000	Audited Year Ended 31 December 2015 £'000
Continuing operations				
Revenue	2	**4,293**	2,675	6,947
Administrative expenses				
Non exceptional		**(3,148)**	(2,073)	(4,799)
Exceptional – acquisition costs		**(193)**	-	(201)
		(3,341)	(2,073)	(5,000)
Operating profit		**952**	602	1,947
Finance costs		**(32)**	(33)	(61)
Finance income		**151**	178	338
Profit before taxation		**1,071**	747	2,224
Taxation	4	**(253)**	(151)	(510)
Profit and total comprehensive income for the financial period		**818**	596	1,714
Profit for the period attributable to the equity holders of the parent company		**818**	596	1,714
Basic earnings per share from continuing operations	5	**2.6p**	2.5p	6.5p
Adjusted basic earnings per share from continuing operations	5	**3.3p**	2.5p	7.3p
Diluted earnings per share from continuing operations (basic)	5	**2.6p**	2.5p	6.4p

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

Consolidated Statement of Financial Position

As at 30 June 2016

	Unaudited At 30 June 2016 £'000	Unaudited At 30 June 2015 £'000	Audited At 31 December 2015 £'000
Assets			
Non-current assets			
Intangible assets	**27,904**	1,551	11,854
Property, plant and equipment	**793**	590	649
Trade and other receivables	**4,403**	4,836	3,656
	33,100	6,977	16,159
Current assets			
Trade and other receivables	**1,911**	967	2,090
Cash and cash equivalents	**1,251**	1,124	2,679
	3,162	2,091	4,769
Total assets	**36,262**	9,068	20,928
Liabilities			
Non current liabilities			
Interest bearing loans and borrowings	**6,639**	750	500
Deferred consideration	**6,121**	-	-
Deferred tax	**2,472**	109	1,001
	15,232	859	1,501
Current liabilities			
Trade and other payables	**1,635**	756	4,149
Interest bearing loans and borrowings	**375**	500	500
Deferred consideration	**1,254**	-	-
Tax payable	**321**	169	357
	3,585	1,425	5,006
Total liabilities	**18,817**	2,284	6,507
Total net assets	**17,445**	6,784	14,421
Equity			
Shareholders' equity			
Share capital	**337**	240	305
Share premium	**10,583**	-	7,379
Share based payment reserve	**60**	42	51
Other components of equity	**162**	162	162
Merger reserve	**(5,774)**	(5,774)	(5,774)
Retained earnings	**12,077**	12,114	12,298
Total equity	**17,445**	6,784	14,421

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 2016

	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 2015	240	-	33	(5,774)	162	12,333	6,994
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	6,784
Issue of equity share capital	65	7,379	-	-	-	-	7,444
Share based payments	-	-	9	-	-	-	9
Dividends	-	-	-	-	-	(933)	(933)
Transactions with owners	65	7,379	9	-	-	(933)	6,520
Profit and total comprehensive income for the six month period	-	-	-	-	-	1,118	1,118
Balance at 31 December 2015 (Audited)	305	7,379	51	(5,774)	162	12,298	14,421
Issue of equity share capital	32	3,204	-	-	-	-	3,236
Share based payments	-	-	9	-	-	-	9
Dividends	-	-	-	-	-	(1,039)	(1,039)
Transactions with owners	32	3,204	9	-	-	(1,039)	2,206
Profit and total comprehensive income for the six month period	-	-	-	-	-	818	818
Balance at 30 June 2016 (Unaudited)	**337**	**10,583**	**60**	**(5,774)**	**162**	**12,077**	**17,445**

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 2016

	Notes	**Unaudited 30 June 2016 £'000**	Unaudited 30 June 2015 £'000	Audited 31 December 2015 £'000
Operating activities				
Cash generated from operating activities	**6**	1,192	720	2,364
Tax paid		(305)	(172)	(572)
		887	548	1,792
Investing activities				
Capital expenditure on property, plant and equipment		(66)	(7)	(102)
Corporate network acquisitions	**7**	(8,000)	-	(6,892)
Corporate office acquisitions		(31)	(111)	-
Working capital and cash introduced by companies acquired		232	-	241
Disposals of assets		7	-	14
Franchisee loans granted		(419)	(243)	(449)
Loans repaid by franchisees		518	372	1,138
Finance income		151	178	338
Net cash (used in) / from investing activities		**(7,608)**	189	(5,712)
Financing activities				
Finance costs		(68)	(33)	(61)
Funds advanced		7,000	-	-
Loan repayments in the period		(1,000)	(250)	(521)
Proceeds from share issue		2,570	-	7,890
Share placing costs		(269)	-	(446)
Settlement of deferred consideration		(1,901)	-	-
Equity dividends paid		(1,039)	(816)	(1,749)
Net cash from / (used in) financing activities		**5,293**	(1,099)	5,113
Net change in cash and cash equivalents		**(1,428)**	(362)	1,193
Cash and cash equivalents at the beginning of the financial period		2,679	1,486	1,486
Cash and cash equivalents at the end of the period		**1,251**	1,124	2,679

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 2016 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 2015 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.

The Group's 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 1 September 2016.

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 management service fees (MSF), fees from the sale of franchise licences (initial franchise fees), commission on resales of franchised outlets, provision of training, and ongoing support of the franchisees.

MSF are invoiced to individual franchisees on a monthly basis in relation to a percentage of their turnover for any given month. They are recognised in the month in which the income is receivable.

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 and support and promotion during the opening phase of the new office. As such the Group regards this as a separate initial transaction for which it has fulfilled its obligations.

Revenue also includes fees generated by outlets operated by the Group that are not franchises. These corporate outlets invoice landlords on a monthly basis and so recognise the income during the period in which the work is carried out. Corporate revenue also arises from fees on property sales which are recognised by reference to the legal exchange date of the housing transaction as all obligations have been fulfilled at that point.

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:

			Lettings			**Property sales**			**Total revenue**
	Unaudited H1 2016 £'000	Unaudited H1 2015 £'000	Audited FY 2015 £'000	**Unaudited H1 2016 £'000**	Unaudited H1 2015 £'000	Audited FY 2015 £'000	**Unaudited H1 2016 £'000**	Unaudited H1 2015 £'000	Audited FY 2015 £'000
Management service fees	**2,142**	1,735	3,669	**438**	28	375	**2,580**	1,763	4,044
Corporate owned outlets	**636**	341	913	**592**	285	980	**1,228**	626	1,893
	2,778	2,076	4,582	**1,030**	313	1,355	**3,808**	2,389	5,937
Initial franchise fees and resale commissions							**163**	143	356
Other income							**322**	143	654
							4,293	**2,675**	**6,947**

3 Dividends

The company will pay an interim dividend of 3.4p pence per share (£1,144,445) on 21 October 2016 to the shareholders on the register on 16 September 2016.

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 2016	Unaudited six months ended 30 June 2015	Audited Year Ended 31 December 2015
Profit for the financial period (£'000)	**818**	596	1,714
*Adjusted profit for the financial period (£'000)	**1,011**	596	1,955
Weighted average number of ordinary shares – basic ('000)	**31,062**	24,010	26,197
Weighted average number of ordinary shares – diluted ('000)	**32,000**	24,010	26,914
Basic earnings per share	**2.6p**	2.5p	6.5p
Diluted earnings per share	**2.6p**	2.5p	6.4p
*Adjusted basic earnings per share	**3.3p**	2.5p	7.3p
*Adjusted diluted earnings per share	**3.2p**	2.5p	7.1p

*Adjusted for exceptional acquisition costs of £193,000

6 Reconciliation of profit before taxation to cash generated from operations

	Unaudited 30 June 2016 £'000	Unaudited 30 June 2015 £'000	Audited 31 December 2015 £'000
Profit before taxation	**1,071**	747	2,224
Depreciation and amortisation charges	**215**	101	397
Finance costs	**32**	33	61
Finance income	**(151)**	(178)	(338)
Share based payments	**9**	9	18
	1,176	712	2,362
Increase in trade and other receivables	**(628)**	(21)	(278)
Increase in trade and other payables	**644**	29	280
Cash generated from operations	**1,192**	720	2,364

7 Acquisitions

Acquisitions

On 7 June 2016 the Company acquired Northwood GB Limited, a franchised network of 86 offices as part of the Group's ongoing multi-brand franchising strategy with the aim of increasing the Group's presence in the franchised property sector and opening up additional growth opportunities.

The Company acquired 100% of the equity of Northwood GB Limited for initial consideration of £8,000,000 in cash on completion plus a balance based a multiple of it's adjusted EBITDA for the year to 31 May 2016 to be settled in shares on agreement of their completion accounts. In addition there will be a payment of deferred consideration through an earn-out based on a multiple of the Northwood GB Limited EBITDA less earlier consideration paid for each of those years. Total consideration is contractually subject to maximum of £22 million.

The transactions met the definition of a business combination and are accounted for using the acquisition method under IFRS 3. The assets and liabilities below are shown at their fair values at acquisition.

	Total £'000
Intangible assets	
Trade names	376
Master franchise agreements	7,693
Tangible assets	379
Trade and other receivables	636
Cash and cash equivalents	221
Deferred tax liabilities	(34)
Trade and other payables	(625)
Identifiable net assets acquired	**8,646**
Goodwill on acquisition	6,354
Consideration	**15,000**
Consideration settled in cash	8,000
Contingent consideration	7,000
Total consideration	**15,000**

The goodwill represents the value attributable to the new businesses and the assembled and trained workforce. Deferred tax at 18% has been provided on the value of intangible assets defined as brand names and master franchise agreements. Acquisition costs of £193,000 were incurred and charged to exceptional items in the consolidated statement of comprehensive income.