Preliminary results
For the year ending 31 December 2015

Mike Goddard: Chairman and Chief Executive Officer
Dorian Gonsalves: Managing Director Belvoir
Louise George: Chief Financial Officer
Overview

- Multi-brand operation following acquisition of Newton Fallowell and Goodchilds
- Revenue up 19% to £6.9m including £1.0m contribution from new networks
- Continued strong growth in MSF, up 25%
- 45 acquired outlets and 7 new Belvoir territories extending reach by 31% to 212
- Managed properties increased 23% to around 37,000
- Adjusted earnings per share up 30% to 7.3p
- Final dividend of 3.4p giving total dividend for the year of 6.8p consistent with 2014
BELVOIR!

Financial review
Statement of comprehensive income

<table>
<thead>
<tr>
<th>Year to 31 December</th>
<th>2015</th>
<th>2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
<td>%</td>
</tr>
<tr>
<td>Revenue</td>
<td>6,947</td>
<td>5,856</td>
<td>19%</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ongoing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exceptional / one-off</td>
<td>-201</td>
<td>-325</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,947</td>
<td>969</td>
<td>101%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit on disposal corporate outlet</td>
<td>-</td>
<td>651</td>
<td></td>
</tr>
<tr>
<td>Finance costs</td>
<td>-61</td>
<td>-111</td>
<td></td>
</tr>
<tr>
<td>Finance income</td>
<td>338</td>
<td>269</td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>2,224</td>
<td>1,778</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>pence</td>
<td>pence</td>
<td></td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>7.3</td>
<td>5.6</td>
<td>30%</td>
</tr>
<tr>
<td>Dividend for the year</td>
<td>6.8</td>
<td>6.8</td>
<td></td>
</tr>
</tbody>
</table>
Financial highlights

Revenue up by 19% to £6.9m
- Underpinned by MSF growth of 25% to £4.0m
- New franchise fees down at £360k (2014: £430k)
- Revenue from property sales of up 60% to £1.4m (2014: £0.8m)

Admin expenses up 2% to £5.0m
- £0.4m lower costs of operating corporate outlets
- £0.5m higher costs of operating new networks
- £0.3m one-off costs in 2014
- £0.2m exceptional acquisition costs in 2015

Profit before tax up 25% to £2.2m
- Adjusted profit of £2.4m
MSF growth

- Strong MSF growth of 25%
- Belvoir network growth of 12.5%
  - like-for-like growth of 4.2%
  - MSF boosted by 6% from franchisee acquisitions part-funded by Belvoir
  - Further 2.3% increase stems from roll-out of estate agency
- Acquired networks added further 12.5%

Belvoir network MSF growth Feb’12 to Dec’15
# Statement of financial position

**Fixed assets**
- Acquisitions of Newton Fallowell and Goodchilds for £9.5m
- Belvoir Devizes and Grantham brought back as corporates for £0.5m

**Cash and bank**
- Year end bank balance of £2.7m
- Bank lending at £1.0m
- Loan to be fully repaid by Dec 2017

**Liabilities**
- Expected earn-out of £2.3m on Newton Fallowell
- Deferred consideration of £0.8m on Goodchilds

<table>
<thead>
<tr>
<th></th>
<th>As to 31 December</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fixed assets</td>
<td>12,503</td>
<td>2,125</td>
</tr>
<tr>
<td></td>
<td>Loans to franchisees</td>
<td>4,507</td>
<td>4,965</td>
</tr>
<tr>
<td></td>
<td>Trade and other receivables</td>
<td>1,239</td>
<td>961</td>
</tr>
<tr>
<td></td>
<td>Cash and cash equivalents</td>
<td>2,679</td>
<td>1,486</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>20,928</td>
<td>9,537</td>
</tr>
<tr>
<td></td>
<td><strong>Trade and other payables</strong></td>
<td>1,005</td>
<td>725</td>
</tr>
<tr>
<td></td>
<td>Deferred consideration</td>
<td>3,144</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Bank loans</td>
<td>1,000</td>
<td>1,521</td>
</tr>
<tr>
<td></td>
<td>Tax – payable and deferred</td>
<td>1,358</td>
<td>297</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>6,507</td>
<td>2,543</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td>14,421</td>
<td>6,994</td>
</tr>
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</table>
Statement of cash flow

<table>
<thead>
<tr>
<th>Year to 31 December 2015</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>EBITDA</td>
<td>2,402</td>
<td>1,877</td>
</tr>
<tr>
<td>Movements in working capital</td>
<td>203</td>
<td>(1,176)</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(572)</td>
<td>(454)</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td><strong>2,033</strong></td>
<td><strong>247</strong></td>
</tr>
<tr>
<td>Acquisitions</td>
<td>(6,892)</td>
<td>-</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(102)</td>
<td>(318)</td>
</tr>
<tr>
<td>Disposal of assets / owned outlets</td>
<td>14</td>
<td>1,147</td>
</tr>
<tr>
<td>Franchisee loans – net movement</td>
<td>689</td>
<td>(2,372)</td>
</tr>
<tr>
<td>Finance income</td>
<td>338</td>
<td>269</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td><strong>(5,953)</strong></td>
<td><strong>(1,274)</strong></td>
</tr>
<tr>
<td>Loans payable – net movement</td>
<td>(521)</td>
<td>(790)</td>
</tr>
<tr>
<td>Net proceeds on issue of shares</td>
<td>7,444</td>
<td>-</td>
</tr>
<tr>
<td>Equity dividends paid</td>
<td>(1,749)</td>
<td>(1,633)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(61)</td>
<td>(111)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td><strong>5,113</strong></td>
<td><strong>(2,534)</strong></td>
</tr>
<tr>
<td>Net cash movement</td>
<td>(1,193)</td>
<td>(3,561)</td>
</tr>
</tbody>
</table>

**Acquisitions**
- Initial consideration paid of £6.9m

**Cash and bank lending**
- Bank loan repayments of £0.5m
- Bank loan repayable at £0.125m per quarter

**Equity transactions**
- Two share issues raising total of £7.4m to fund acquisitions
- Dividend paid in the year of 6.8p per share (2014: 6.8p)
Operational highlights

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

- Acquisition of Newton Fallowell in July 2015
- Acquisition of Goodchilds in October 2015
- Initial consideration of £4.0m and £2.4m respectively
- Earn out of £2.3m on Newton Fallowell
- Deferred consideration of £0.8m on Goodchilds
- Added 45 new outlets to the Group
- Contributed £1.0m revenue and £0.6m profit in 2015
Franchisee recruitment

- 7 new Belvoir owners in H2 compared to 4 in H1 reflecting renewed stability post the General Election
- 7 new territories in York, Biggleswade, Bournemouth, Ealing, Hemel Hempstead, Hendon, Welwyn Garden City
- 4 resales in West Bridgford, Brighton, Sheffield, Derby West to new franchisees
- Cheadle and Norwich resold as second territories

Belvoir: 167 including 8 corporate outlets (2014: 162)
Newton Fallowell: 31 including 1 corporate outlet
Goodchilds: 14 outlets
Total network outlets: 212
Franchisee acquisitions

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

- Franchisees in Bury, Brighton, Southampton and Aldershot made local acquisitions during 2015

- Franchisee acquisitions accounted for 6% MSF growth contributing £0.2m in 2015

- Appointed in-house team responsible for researching and expediting franchisee acquisitions

- Over 10,000 potential independent lettings and estate agents acquisition targets
Property sales

- Property sales boosted the Belvoir network MSF by 2.3%

- Newton Fallowell and Goodchilds added:
  - £0.3m of sales MSF
  - £0.4m of corporate sales revenue

- 111 (2014: 30) outlets now trained to offer estate agency service including 35% of the Belvoir network

- Adding around 10 new outlets per quarter

- Target of 70% of network offering sales by the end of 2016

- Lettings to sales ratio at 77:23 (2014: 84:16)
Award winning service

- Gold : Lettings Franchise of the Year
  - Lettings Agency of the Year Awards 2015 in association with The Times and The Sunday Times
  - 5th Gold Award in 6 years
  - Judges referred to perpetual success
  - Credited it to the continual investment in the audit team maintaining high standards and support for franchisees
  - Award is the longest running recognition focused solely on lettings and most sought after in industry
Market update

- Demand continues to grow as population increases are not matched by new build homes
- Legislative changes affecting BTL and stamp duty on second homes are not expected to have a lasting impact due to increasing demand
- Changing priorities as younger generation delay home ownership in favour of flexibility
- Increased regulation likely to benefit Belvoir as the sector consolidates
- Franchising has become more established in the UK over the past 10 years, growing by 46% to £15.1bn

“Of the four million households in the private rented sector, around 50% of private landlords use the services of a letting agent”
Summary and outlook

Summary

• Key strategic step in multi-brand franchising
• Successful integration of new networks with their contribution in 2015 exceeding expectations
• Continuing growth of the Belvoir network

Outlook

• Current trading in line with management expectations
• Strong underlying demand for rental property overriding legislative BTL changes
• Growth opportunities from property sales
• Belvoir well placed to benefit from consolidation within the sector both as individual franchisees and as a franchisor
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Appendices
Belvoir Board

**Left to Right**

- Dorian Gonsalves, MD Belvoir
- Mark Newton, MD Newton Fallowell
- Louise George, Chief Financial Officer
- Andrew Borkowski, Non-Executive
- Mike Goddard, Chairman & CEO
- Nick Leeming, Non-Executive
Business model

Selection
We work closely with potential new franchisees to ensure that they are a good fit for our business model of high quality service delivery and sound business ethics. This process minimises the risk and assures our ongoing below-average failure rate.

Fees
New franchisees pay an upfront fee to cover our intensive training and mentoring programme. An ongoing monthly management service fee, based on franchise revenue, which contributes towards central office operations and further investment in the business.

Training
New franchisees undertake an intensive training course prior to opening. Continual professional training and development is conducted both at central office and via webinars.

Support
Each franchisee has a dedicated business mentor who helps them to develop their business. Advice and support is available from central office in specialist areas such as legal, IT, compliance and marketing.

Brand equity
Our brands are highly regarded and respected for their core values of professionalism and customer service. We invest continually in our brands to ensure that messaging remains fresh and relevant to our markets.

Networking
We facilitate a culture where franchisees learn from each other and share experiences through both national and regional networking groups.
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