Belvoir Group

Opening the door to property, mortgage and franchise expertise

Belvoir Group PLC Annual report and accounts 2021

Belvoir Group is a leading UK property, mortgage and franchise group operating through two divisions: a network of property franchisees and a network of mortgage advisers, combining to support customers throughout their property journey.

Our purpose

Our purpose is to help people realise their property, mortgage and franchise aspirations.

Our vision

Our vision is to be the agency of choice for our colleagues and our customers, providing the best property, mortgage and franchise expertise in our industry.

In this report

Read about our ESG strategy from **page 24**

Read about our stakeholder engagement from **page 14**

Read about our approach to governance from **page 36**

At a glance

Belvoir Group

Since opening our first lettings office in 1995, to operating two divisions, property franchise and financial services with 463 offices nationwide in 2021, Belvoir has been helping people to realise their property aspirations for over 26 years.

Opening the door **to property expertise**

BELVOIR!

Established in 1995
Historically a lettings franchise, Belvoir now offers both sales and lettings services across the UK.

158 offices

NEWTON FALLOWELL

Acquired in 2015
Originally an East Midlands-based estate agent, this network is now a strong regional property brand covering both the East and West Midlands.

39 offices

northwood Over & Above

Acquired in 2016
Northwood also started as a specialist lettings franchise and now has nationwide coverage offering both sales and lettings.

93 offices

lovelle

Acquired in 2020
Based in North Lincolnshire and the Humber, Lovelle is a strong regional, predominantly sales network.

16 offices

Nicholas Humphreys

Acquired in 2021
Nicholas Humphreys specialises in student lettings in university towns across the UK.

20 offices

The Nottingham

Partnered since 2020
Dual-branded branches offering estate agency services to members of the Nottingham Building Society ("The Nottingham" or "NBS").

37 offices

Opening the door **to mortgage expertise**

Mortgage Advice Bureau

Acquired in 2017
Brook trades as the largest appointed representative of the Mortgage Advice Bureau (MAB), one of the UK's leading networks for mortgage intermediaries. Brook manages a network of 243 mortgage, protection and financial services advisers (advisers) operating through 100 businesses.

100 businesses

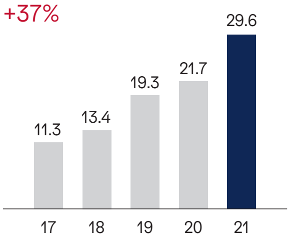
For more information visit our new website:
www.belvoirgroup.com

Our highlights

Revenue (£m)

£29.6m

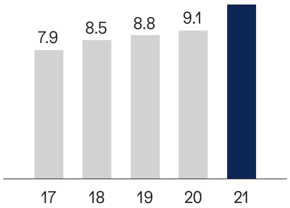
+37%



MSF (£m)

£10.7m

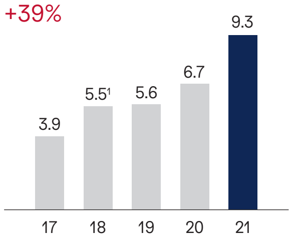
+18%



Profit before tax (£m)

£9.3m

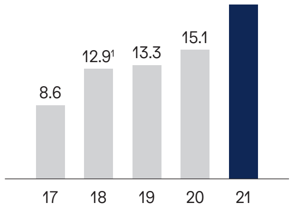
+39%



EPS (p)

20.4p

+35%



Operational highlights

- Achieved growth across all three markets: lettings, sales and financial services
- Acquired Nicholas Humphreys, a network of 20 offices specialising in student lettings, in March 2021
- Acquired Nottingham Mortgage Services, the mortgage advisory arm of the Nottingham Building Society, in July 2021 and dual-branded a further 26 NBS branches
- Expanded Belvoir's mortgage adviser network by 20% to 243 (2020: 202)
- Greater reach with the number of offices up 11% to 463 (2020: 418)
- Managed portfolio up 12% to 72,900 (2020: 65,065) properties
- Number of written mortgages up 37% to 16,585 (2020: 12,094)
- Number of house sales up 54% to 12,320 (2020: 8,003)

Financial highlights

- Group revenue increased by 37% to £29.6m (2020: £21.7m) with 12% attributable to acquired businesses and 25% to like-for-like growth
- Management service fees (MSF) grew by 18% to £10.7m (2020: £9.1m)
- 39% increase in profit before tax to £9.3m (2020: £6.7m), marking 25 years of consecutive profit growth
- Continued strong lettings bias reflected in gross profit ratio of 56% lettings:19% sales:20% financial services: 5% other (2020: 60%:17%:19%:4%)
- Year-end cash of £7.4m (2020: £5.9m)
- Net debt significantly reduced by 65% to £1.3m (2020: £3.7m) despite deploying £4.4m on two corporate acquisitions
- Total dividend per share for the year up 18% to 8.5p (2020: 7.2p)

1. 2018 includes net exceptional credit of £0.6m.

Covid-19 update

Impact on trading
The national lockdown in the first half of 2021 and the "work from home" advice at the end of 2021 did not close the property sector so our estate and letting agency branches were able to operate whilst observing the prevailing Covid-19 guidelines. Our advisers serviced their clients remotely, and our central teams supported all parts of the business from home.

Engaging with colleagues
The Board remained mindful of the wellbeing of our franchisees, our advisers and all staff across the Group. Whilst working from home, our central teams met daily online to ensure regular engagement with all staff. After 19 July 2021, the Board adopted a phased return to the office reflecting both the needs of the business and our staff. Our franchisees and advisers were fully apprised of any changes to the Government's Covid-19 guidelines that would affect their business to ensure that they operated a safe environment for their staff and customers.

Looking forward
The successful roll out of the Government's vaccination programme has enabled the UK to release most Covid restrictions, enabling all parts of our business to operate as normal. Going forward, our interactions will be a blend of physical and virtual meetings so as to retain some of the efficiencies gained during the pandemic.

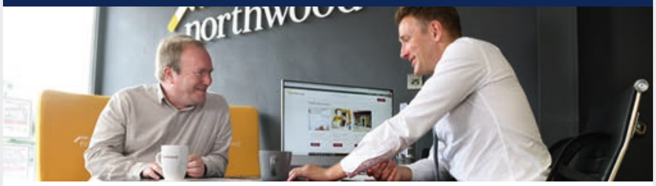
Values in action: Collaboration

Learn more about our response to Covid-19 from **page 7**

Our investment case

Belvoir has a proven track record in delivering growth, even during the 2007 financial crash and the 2020 Covid-19 pandemic, built around a resilient business model of supporting networks of entrepreneurial business owners. This is underpinned by a strong bias towards lettings, providing a reliable recurring revenue stream.

Proven multi-brand franchise network model



6 brands

Harnessing entrepreneurial self-motivated franchisees and advisers coupled with specialist central support

Learn more about our brands from **page 1**

History of strong financial growth

25 years

Unbroken profit growth with EPS up 137% in four years

Learn more about our performance from **page 28**

High degree of recurring revenue

56% gross profit from lettings/19% sales/20% financial services/5% other

Highly cash generative underpinned by recurring gross profit from core lettings business

Learn more about our risks from **page 31**

Diversification

£3.8m gross profit contribution from financial services in 2021

Up from £0.3m in 2016

Learn more about our business model from **page 12**

Long-serving, experienced leadership team

13 years average length of service

Stable management team with 29 years average industry experience

Learn more about our leadership from **page 34**

Successful acquisition strategy

8 acquisitions since 2015

Five franchise brands and three financial services businesses fully assimilated into the Group

Learn more about our acquisitions from **page 16**

Committing to our ESG strategy

As a people focused business, we are committed to having a positive impact on our stakeholders. What we do affects people's lives across the UK, whether that be our franchisees, advisers, landlords, buyers and sellers or the thousands of tenants who live in properties managed by us. A thorough and relevant ESG strategy is vital in ensuring that we uphold our responsibilities to those stakeholders and their communities and make our impact on them as positive as possible.

A sustainable direction of travel

Multiple environmental, social and governance (ESG) trends impact on us, the way we do business and our stakeholder expectations. The transition to using low carbon energy is a key environmental trend and we intend to tackle this by improving the green credentials of our business operations. This also goes as far as influencing and supporting our landlords and tenants where possible to make greener choices for themselves. The Government is due to increase minimum energy efficiency standards (EPC) for rental properties to a grade C by 2025 for new tenancies which will further support this shift. Digital transformation and disruptive innovation in general are constantly affecting our industry. New PropTech is being brought to market all the time and some of it certainly has the ability to positively impact our business or the customer journey.

Good governance is vitally important, with high ethical and professional standards, openness and transparency being integral to our success in this area so far. There are unfortunately low levels of trust in our sector for a variety of reasons, so open and honest dealings with our clients are key. Policy developments, including a regulatory framework for property agents in Scotland and Wales, with England to follow, increasing protection of tenants and minimum energy efficiency standards, should all help to support this.

Housing is at the centre of many social trends with affordability, accessibility and quality of housing often being a concern as a result of structural issues in the sector. The pandemic has left many of us with a more emotional attachment to our homes, resulting in different buyer behaviours and a changing market. Social trends also impact on our own people. Attracting, developing and retaining a talented, diverse, happy and healthy team are paramount to our operations. Developing and retaining skilled entrepreneurs who maintain high professional standards are vital to our business' success.

> "As a business we understand that the principles of ESG are becoming increasingly important to people at all levels of our business as well as our clients, shareholders and society as a whole. Our newly created ESG strategy will act as a roadmap to ensure that the future direction of our business is completely aligned with the expectations of our stakeholders."

Dorian Gonsalves
Chief Executive Officer

Our ESG strategy

Read more on our materiality assessment and matrix from **page 22**

Read more detail on our ESG strategy from **page 24**

Progressing our approach

Throughout 2021 we worked with sustainability consultants at Design Portfolio to undertake a detailed ESG materiality assessment as part of a full strategic review, and to develop a new ESG strategy for our business based on the findings.

As part of this process, we identified the following five strategic pillars and devised ambition statements for each of them:

Building trust

A strong culture of integrity and professional ethics underpin what we do, and we develop trusted relationships with our stakeholders by being straightforward, honest and open in all our communications and transactions at every level of our business.

Raising standards

We maintain the highest professional standards across our network through guidance, support and training for our franchisees and advisers, so they can offer a quality service to customers, protect tenants and buyers, and support landlords in providing safe homes that meet energy efficient standards.

Nurturing talent

We attract and retain a talented team that offers unrivalled support to our network by investing in its development, supporting its wellbeing and reinforcing an inclusive and open Company culture.

Harnessing technology

We invest in integrated and fully supported IT solutions in partnership with sector-specialist software providers to build efficiency and effectiveness through our network, to reduce our environmental impacts and to meet changing customer needs.

Building local businesses

We find, support and develop skilled entrepreneurs to grow their own businesses, expanding our network and providing much-needed investment and employment opportunities in local communities across the UK.

Strategic and trading growth

2021 was an exceptional year for the property sector. Despite Covid-19 restrictions, the Belvoir Group has continued to operate effectively and efficiently, ensuring that its property franchisees and financial services advisers were best placed to respond to the strong market conditions.

Overview of performance

I am delighted to report that in 2021 the Belvoir Group continued its record of uninterrupted profit growth, now running to 25 years, which is a remarkable achievement. The Group benefited from the strongest residential sales market since 2007, boosting the performance of both our estate agency and financial services businesses. Meanwhile, after a number of years of very low rental growth, the excess demand for properties within the residential lettings market gave rise to substantial increases in rent for new tenancies.

All three of Belvoir's main income streams performed exceptionally well, resulting in a 37% increase in Group revenues to £29.6m (2020: £21.7m). In addition to achieving strong growth in the underlying business, the Group expanded both its property and financial services networks during the year through the strategic acquisitions of Nicholas Humphreys and Nottingham Mortgage Services.

Profit before tax increased to £9.3m (2020: £6.7m), up £2.6m. The Group now supports 363 franchised estate and lettings agencies operating through physical high street shops and 100 financial services businesses, comprising 243 (2020: 202) individual advisers.

Board and senior management

The Senior Management Team remained focused on the principal aim of supporting our franchise and adviser networks to maximise the opportunities for all stakeholders available from a strong housing market. At the same time the Board continued to pursue its growth strategy by identifying suitable acquisition targets that would enlarge our existing footprint or expand our service offering. The longevity, experience and commitment of Belvoir's Board and Senior Management Team undoubtedly underpin the continued success of the Group.

At the start of 2022, we announced three Board changes. Mark Newton retired from his executive role to become a Non-Executive Director, continuing to add value through his considerable expertise in estate agency. At the same time Michelle Brook joined the Board as Financial Services Director, underlining the increasing importance of the financial services division to the Group's growth strategy. The Board was strengthened further through the appointment of an additional independent Non-Executive Director, Jon Di-Stefano, who brings a wealth of knowledge of the property sector, including areas very complementary to Belvoir's existing business, and of strategic business growth.

Learn more about our Board of Directors from **page 34**

Governance

The Board promotes a culture of good governance and recognises how important our people are to the success of the Group. We continue to apply the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as the basis of the Group's governance framework.

Learn more about our governance from **page 36**

Michael Stoop
Non-Executive Chairman

> The Board is committed to the promotion of strong environmental, social and governance principles."

Sustainability and ESG

With sustainability and other environmental, social and governance (ESG) issues becoming of increasing importance to the Belvoir Group and its stakeholders, we undertook a detailed ESG materiality assessment in 2021 as part of a full strategic review, and, based on its findings, developed a new ESG strategy for the Group. As a result, we aim to set a net zero target and are working towards understanding our impacts in order to put a suitable timeline in place to achieve this goal.

Learn more about our ESG strategy from **page 24**

Covid-19

The Group continued to operate effectively under the various Covid-19 restrictions during 2021, with the property sector remaining open throughout the year. During the third national lockdown in the first half of 2021, the Group was able to quickly revert to the practices adopted in 2020 as necessary to ensure that all our office and central support team staff operated safely and within Government guidelines.

Dividends

As a result of another outstanding year, the Board is pleased to announce an 18% increase in our total dividend up to 8.5p (2020: 7.2p) per share. There will be a final dividend for 2021 of 4.5p per share payable on 30 May 2022.

Outlook

Even before the invasion of the Ukraine, the property market entered 2022 amid greater economic uncertainty and inflationary pressures. The devastation wreaked by the war on the Ukrainian people is shocking and our thoughts are with those who have been affected; we hope for a peaceful resolution to the crisis. It is too early to predict the full economic impact of the war, but it has already resulted in further inflationary pressure on energy bills that will affect the UK economy. As has been demonstrated during other turbulent periods in recent years, the Group has a proven resilient business model and a successful growth strategy that enable it to outperform market conditions. I am confident that a combination of our dedicated staff and the entrepreneurial spirit of our franchisees and advisers will continue to support the further development of the Group to the benefit of all stakeholders.

Finally, I would like to thank our exceptional Executive Team, staff, franchisees and advisers for their hard work in making 2021 another successful year for the Group. Despite the challenges presented by Covid-19 during the year, our people remained committed to delivering the very best service to all our customers throughout the Group.

Michael Stoop
Non-Executive Chairman

Q&A with the Chairman

What are your key highlights from the year?

Our acquisition of Nottingham Mortgage Services has strengthened our strategic alliance with the Nottingham Building Society. This provides an opportunity to significantly open up access to savers, through The Nottingham's Beehive Money savings product, who will in the near future be needing a mortgage to buy their first home.

The acquisition of Nicholas Humphreys proved, yet again, how effective the Senior Management Team is at integrating another network into the Group, with each new business benefiting from our culture and good practices.

Over the year, what actions have you taken to foster a positive culture?

Our comprehensive review of the ESG issues affecting our business has highlighted how we nurture talent. As a result, we are carrying out a staff survey to understand how our staff feel about our business, how satisfied they are with their role and how valued they feel by management.

What are your reflections on Belvoir's commitment to managing ESG issues?

I am encouraged by the significantly enhanced focus of the Board and Executive Team on our commitment to ESG matters and our use of Group-wide workshops to hone our related strategy. ESG is of concern to all our stakeholders but most importantly delivering our ESG strategy is the right thing to be doing.

How does the Board stay abreast of the ESG priorities that are important to the Group's stakeholders?

ESG is a standing item on the Board agenda. Through engagement with our staff, franchisees, advisers, investors, community and regulators, our Board members are able to feed back any ESG matters raised by our key stakeholders.

What are your strategic priorities for the year ahead?

We will continue to drive organic growth whilst looking for acquisitions that will help to enlarge the Group's existing networks further, as we have successfully done for several years now. Furthermore, we aim to identify a new strategic initiative that is complementary to our existing revenue streams and utilises our significant market know-how and infrastructure.

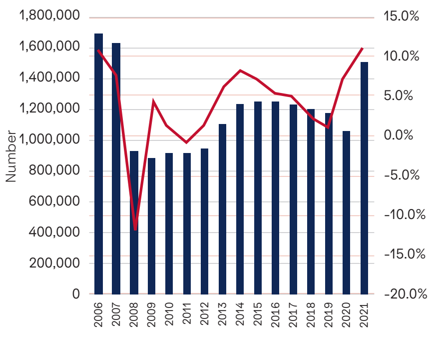
Helping people to realise their property and mortgage aspirations

2021 was one of the most successful years for moving home since 2007, with almost 1.5 million people buying a new house and demand for rental properties up 43%.

Market trends – property

Residential property sales – strongest market since 2007

Annual housing transactions and house price inflation

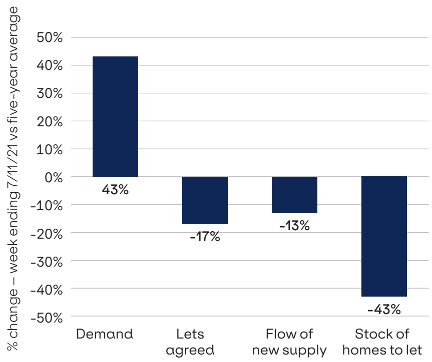


Transactions   Price inflation

- Residential sales transactions were 41% up on 2020 and 22% ahead of the six-year average to 2019.[1]
- Fears of a collapse in the sales market at the end of the stamp duty land tax (SDLT) holiday proved unfounded.
- Property prices increased by 10.8% year on year and were 17.8% up on 2019, with ongoing excess demand expected to continue driving up prices in 2022.[2]

Residential lettings – shortage of rental properties driving up rents

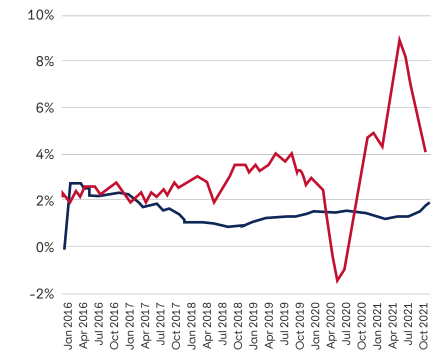
Excess demand prevails, impacting on the rents on new tenancies[4]



Source: Zoopla Research

- The increase in rent arrears was not significant with Government funding available to tenants who had built arrears due to the pandemic.
- Stock is at one of the lowest levels recorded since starting the Belvoir Index in 2008 with renters looking for more space. Demand might shift back towards cities as workers return to the office.
- The UK rental index, which reflects all tenancies, was up 1.8%[3] in 2021, an increase not seen since 2017. Meanwhile, rents on new tenancies have risen sharply by 8.5%.[4]

Affordability – key to both renters and owners



Rental growth   Earnings growth

- The ten-year average number of new builds of less than 150,000[8] is half the Government's annual target of 300,000.
- With rent as a percentage of household income at 31%, down from 32% in 2019/20 and from 35% in 2010/11[9], the affordability ratio remains below historical levels.
- Whilst the price to earnings ratio for first-time buyers (FTBs) has hit a record 5.5[10], historically low interest rates have kept the cost of servicing a mortgage below that seen pre-2007.

Our response

The residential sales market thrived throughout 2021, with transactions just under 1.5 million[1], the highest level since 2007. Early signs in 2022 suggest that demand and house prices continue to be fuelled by the "race for space", relatively low interest rates and availability of favourable mortgage deals. Transaction numbers are expected to revert to around the pre-pandemic annual average of 1.2 million. Our Belvoir and Northwood networks, traditionally lettings agents, benefited from having encompassed residential sales in recent years, seeing a 62% increase in revenue from property sales in 2021.

According to the English Housing Survey 2020/21, rental properties remain at 19%[5] of the overall housing stock with no change since 2019/20 and just 1% down on 2015/16.

Giving the forecast rise in the population from 67.1[6] million in 2020 to 69.2 million by 2030, excess demand for rental properties is likely to prevail. With 212,177[7] build-to-rent homes in the UK at the end of 2021 and completed developments up 26% in Q4 2021 compared to Q4 2020, build to rent is seen as one part of the solution to stock shortage.

It is too early to judge whether the cost of living squeeze will constrain demand in the housing market, but whilst FTB mortgage payments as a share of income have increased to 31.5% in Q4 2021, the highest level since 2014[11], they remain on average below previous highs.

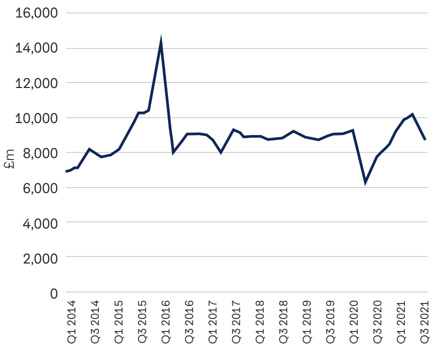
During 2021, the majority of our franchisees reported demand for all types of properties at a high level. With many renters seeing wages rise in 2021, this has allowed rents to be bid up accordingly.

Sales, lettings and financial services all continued to thrive in 2021, despite the national lockdown in most of the first half of the year. The main challenge currently faced by our industry is a shortage of stock, both to buy and to rent, to meet the ongoing demand from people wanting to move home.

Revenue from lettings	Revenue from sales	Revenue from financial services
21%	49%	49%

Buy to let (BTL)

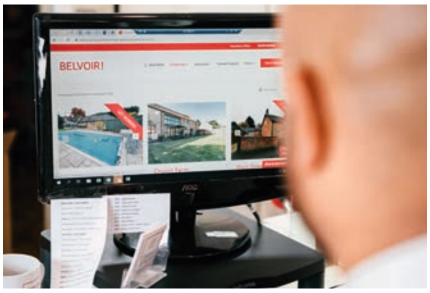
Quarterly BTL mortgage advances (£m) 2014–2021[12]



- 110,000 properties were acquired by BTL landlords in the year to September 2021 with the SDLT holiday boosting demand from BTL investors, which, at 7.3% of all property transactions, was at least 1% higher than pre-pandemic.
- The outstanding BTL mortgage debt at the end of 2021 was up 3%[13] compared to December 2020.
- The fundamentals for BTL landlords are good with rents increasing and a higher level of equity in their existing portfolio available to fund future purchasing.

Technology and online models

PropTech advances



- The "PropTech" industry continues to provide the solutions to improving efficiencies in the home moving process with increased adoption of technology across the property sector.
- Initial virtual viewings are the norm, and remote identity checks and digital signatures are saving a significant amount of time and cost.
- Online agents' market share has fallen from 8.0% in 2020 to 6.7%[14] with no lasting shift during the pandemic.

> "Our sector has a key role to play in the transition to net zero.
>
> A major change for 2022 is the aim to make the UK carbon neutral through improving the efficiency of our homes, with the Government aiming to bring all homes up to a "C" EPC rating by 2035.
>
> Belvoir is adopting its own sustainability strategy to encourage greener choices throughout the Group."

Dorian Gonsalves
Chief Executive Officer

The SDTL holiday also marked the strongest period for BTL landlords since 2016 when the 3% stamp duty surcharge was introduced.

Although some landlords "cashed in" their investments throughout 2021, the strong performance of the housing market has confirmed that property is still a good investment, combining a reliable recurring income stream and capital growth returns. Gross BTL lending is forecast to be £38bn in 2022 and £37bn in 2023.[12]

We have invested in technology to improve efficiencies in the sales and lettings process for both home movers and our franchisees. This has eroded the technology edge previously enjoyed by the online agency model, with sellers preferring the personal and reassuring approach by highly skilled local agents.

In March 2022 we invested in a home-based local personal agent franchise model, Mr and Mrs Clarke, that offers the same first-class customer experience as our local offices.

Market trends – property continued

Legislation – aimed at professionalising the sector

Laws and regulations that need to be followed to legally let a property in England and Wales

- In 2022 the Government announced the requirement for all rental properties to have a minimum EPC rating of "C", up from "E", applicable to newly rented properties by 2025 and to existing tenancies by 2028.
- The new Fire Safety Act 2021, due shortly, will strengthen the fire safety regime for multi-occupancy residential buildings.
- On 15 July 2022, the Renting Homes (Wales) Act 2016 introduces changes to the nature of tenancies from assured shorthold to occupation contracts.

Our response

A major change for 2022 is the Government's aim to make the UK carbon neutral through improving the efficiency of our homes, with the requirement to bring all homes up to a "C" EPC rating by 2035. This might involve both homeowners and landlords investing in insulation and other "fabric first" features to improve heating and lighting efficiency in their property.

Belvoir has thorough systems in place to ensure all franchisees, landlords and tenants are aware of the latest legislation, such that all involved have time to prepare and act on new regulations.

Levelling Up White Paper – England

Mission ten

The Levelling Up White Paper centres on twelve bold national missions, given status in law, with the aim to shift Government focus and resources to Britain's forgotten communities.

Mission ten relates to housing: "By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the Government's ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas."

The Government is focusing on two fronts to deliver this:

- part one – building more houses including affordable homes; and
- part two – a new drive on housing quality.

Part one initiatives include:

- FTB Help to Buy schemes;
- maximising low deposit mortgages;
- improving the home selling and buying process by ensuring key information is available digitally; and
- more focus on funding for the North and the Midlands after the abolition of the 80/20 funding rule for Greater London.

Part two initiatives include:

- new regulation for quality and standards in social housing;
- new Decent Homes Standard in the PRS;
- exploring a national landlord register;
- abolition of Section 21; and
- devising plans to crackdown on rogue landlords.

The Levelling Up White Paper is very much in line with reforms expected from the delayed Renters' Reform Bill, which is expected to include:

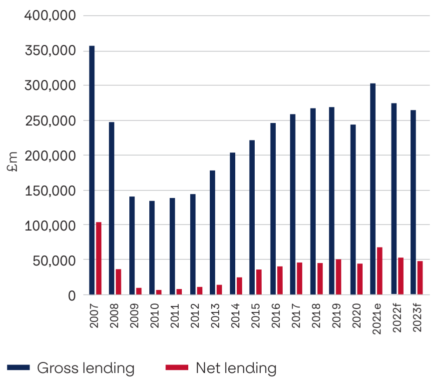
- a landlord register;
- a compulsory regulator;
- abolition of Section 21 and amended Section 8 grounds for notice;
- lifetime deposits;
- mandatory qualification for agents; and
- improving standards of accommodation in the PRS.

1. https://www.gov.uk/government/statistics/monthly-property-transactions-completed-in-the-uk-with-value-40000-or-above.
2. https://www.gov.uk/government/statistics/uk-house-price-index-for-december-2021/uk-house-price-index-summary-december-2021.
3. https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/december2021#uk-private-rental-prices.
4. https://homelet-letting-agents.co.uk/wp-content/uploads/2022/02/HomeLet-Rental-Index-January-2022.pdf.
5. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1039214/2020-21_EHS_Headline_Report.pdf.
6. https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/overviewoftheukpopulation/2020.
7. https://bpf.org.uk/about-real-estate/build-to-rent.
8. https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ukhousebuildingpermanentdwellingsstartedandcompleted.
9. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945013/2019-20_EHS_Headline_Report.pdf.

Market trends – financial services

Mortgage lending

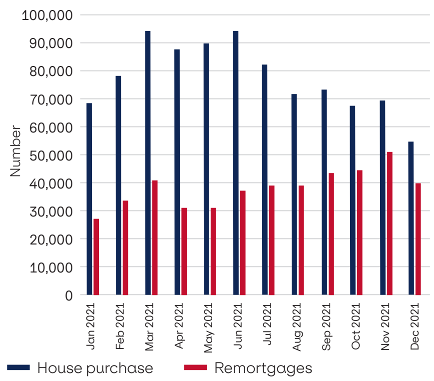
Forecasts for gross and net lending (£m)[13]



- The mortgage market had its strongest year since 2007, with estimated gross mortgage lending up 24.6% to £304bn, mostly fuelled by demand from house buyers.[13]
- House purchase mortgages are forecast to fall as the residential sales market returns to normal, whilst a stronger remortgage market is expected in 2022.
- Having been static since March 2020, interest rates increased from 0.1% to 0.25% in December 2021 and again to 0.5% in February 2022 but remain historically low.[15]

Remortgages

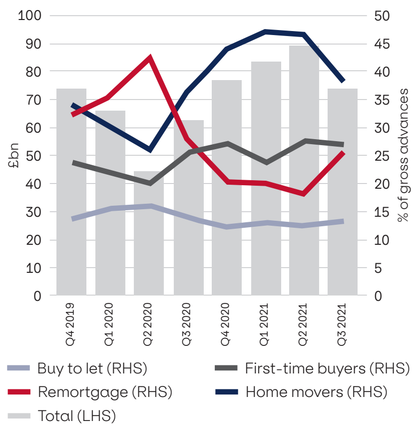
Mortgage approvals – house purchases and remortgages[13]



- Both lenders and mortgage advisers were focused on meeting the demand for house purchase mortgages for much of 2021.
- The prospect of a base rate increase in H2 2021 prompted remortgage activity with the number of homeowners refinancing their properties hitting its highest level for nearly two years by the end of the year.[16]
- Given anticipated interest rate rises in 2022, transfers and remortgages are forecast to increase by 5.4% in both 2022 and 2023.[13]

First-time buyers

Borrowers as a percentage of gross advances[17]



- The SDLT holiday had little impact on FTBs, who do not pay stamp duty on properties up to £300,000 (in England), which covers most FTB transactions.
- Over 800 95% LTV mortgages were completed in Q2 2021[18] through the Government-backed mortgage guarantee scheme, launched in April 2021.
- The Bank of England's Financial Policy Committee decision to consult on easing affordability stress tests could help to boost the market, especially for FTBs, while ensuring lending remains prudent.

Our response

House purchase mortgage approvals remained strong throughout 2021 and beyond the end of the SDLT holiday with house purchase approvals in November 2021 of 70,000[13], above the monthly average for 2019.

Mortgage intermediaries, such as Brook, remained the dominant distribution channel serving a record of nearly 80% of the market.[13]

Low and stable interest rates in the first half of 2021 did not encourage borrowers to revisit their mortgage deals. However, interest rates are now rising, and many borrowers, who fixed amid robust property markets in 2017 and at the start of 2020, are coming to end of their two and five-year deals. As a result, our financial services division will benefit from having a substantial client bank to service, and this will mitigate some of the fall in the house purchase mortgage activity.

The Government's mortgage guarantee scheme is helping FTBs to buy a home costing up to £600,000 with a deposit of 5% and is available until December 2022. This scheme and the return of lenders to the 90% and 95% mortgage markets in 2021 have given FTBs more funding options in buying their own home. House price rises have made the difficulties of getting on the housing ladder more acute, so the Bank of England's decision to consult on removing the stress requirement in the affordability calculation is welcome news for FTBs.

10. https://www.nationwidehousepriceindex.co.uk/reports/affordability-special-report-raising-a-deposit-still-the-biggest-hurdle-for-first-time-buyers-despite-affordability-becoming-more-stretched.
11. https://www.nationwidehousepriceindex.co.uk/charts.
12. https://www.fca.org.uk/data/mortgage-lending-statistics.
13. http://www.imla.org.uk/resources/publications/the-new-normal-prospects-for-2022-and-2023.pdf.
14. https://www.twentyci.co.uk/phmr/twentyci-property-homemover-report-year-end-2021/.
15. https://www.bankofengland.co.uk/boeapps/database/Bank-Rate.asp.
16. https://www.thisismoney.co.uk/money/mortgageshome/article-10367583/End-2021-saw-remortgaging-flurry-Bank-England-data-shows.html.
17. https://www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2021/2021-q3.
18. https://www.yourmortgage.co.uk/first-time-buyers/more-than-800-government-backed-95-per-cent-mortgages-completed-in-q2/.

Focused on achieving growth

Our business model is built on 26 years of experience of operating a Central Office team providing support and guidance to a network of entrepreneurial individuals with the drive and local knowledge to deliver success.

Our difference

Service excellence
Our experience and focus on customer service have enabled us to stand out from the crowd and are critical to the success of our Group. Our property franchisees and financial services advisers undergo intensive training and regular audits to ensure that they are equipped to deliver our required high standard of service.

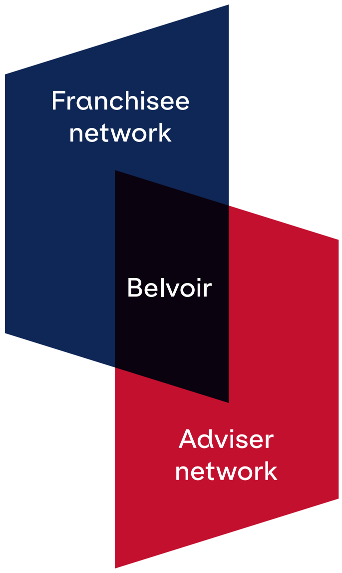
Greater financial stability
A strong lettings base providing a recurring revenue stream coupled with an increasing revenue stream from property sales and financial services provide the Group with greater financial stability. Our model also enables our property franchisees to build a capital asset which, unlike income-based franchise options, provides a financial return on exit.

Network model
Both our franchisees and advisers benefit from the backup and support of a Central Office team whilst operating their own business with the entrepreneurial drive of an owner-manager.

Proactive growth
We proactively identify suitable earnings enhancing businesses for our property franchisees to bolt onto their existing business, whilst also initiating the roll out of additional property services, such as financial services, to be offered by our franchisees, providing the opportunity for accelerated and sustained growth.

Our process

Belvoir sits at the centre of our two networks
Belvoir operates a network of property franchisees and a network of financial services advisers supported by our Central Office team.



BELVOIR! · northwood Over & Above · NEWTON FALLOWELL · lovelle · Nicholas Humphreys · Mortgage Advice Bureau

These two networks overlap with our franchisees providing a lead source to our advisers who are well placed to provide mortgage and other property-related financial services advice to our landlords and our homeowners. Our advisers benefit from the reliable lead source and our property franchisees benefit from an additional revenue stream.

Learn more about our strategy from **page 18**

Supporting both networks

Both networks are supported centrally to ensure that the individual franchise owners and advisers achieve their growth potential.

Selection

We work closely with potential new franchisees and advisers 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 to both the Group and our business partners and assures our high success rate.

Induction

All new franchisees and advisers undertake an intensive induction programme on joining to ensure that they have the necessary skills and know-how to make their business a success.

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 of learning from each other and sharing experiences through national and regional networking groups and at the annual conference held by each network.

Support

Each franchisee and adviser has a dedicated business mentor who helps them to develop their business. Advice and support are available from Central Office in specialist areas such as legal, IT, compliance and marketing.

Training

In addition to the induction training, a continual programme of professional training and development is conducted both centrally and via webinars.

Delivering value

Franchisees and advisers

We provide a proactive support system, bringing the best and most up-to-date tools, advice, training and services to our business partners.

131 courses
offering specialist training

Employees

We recognise the need to attract, retain and develop the best talent to our Central Office team, offering opportunities for ongoing learning and professional development, to ensure that we deliver a professional service to our networks.

33 staff
holding or training towards a professional qualification

Customers

Our professional service goes above and beyond legal requirements. Our franchisees' key role is to deliver exceptional customer service to their clients.

4.6 ★★★★½
online star rating (independently generated by trustist.com)

Shareholders

Our Board is committed to building a business capable of creating value for our shareholders based on sound business ethics.

EPS increased to

20.4p +35%
(2020: 15.1p)

Building strong partnerships

We set out how we have engaged with key stakeholders, which provides valuable input into the Board's decision making.

This engagement sets the context for the strategy set out on pages 18 and 19. In particular our engagement with shareholders has influenced our acquisition, capital structure and dividend policy. Our engagement with our franchisees has influenced our assisted acquisitions programme, our diversification into financial services and the roll out of our new technology programme. Our employees are fundamental to the execution of our strategy. We aim to be a responsible employer, providing a fair package of pay and benefits including opportunities for personal development and sharing in the financial success of the Group.

Directors' Section 172 statement

Businesses do not operate in isolation. Without a good understanding of who the key stakeholders are and their needs, a business will fail to deliver sustainable value to shareholders and other stakeholders.

The Directors take their duties under Section 172(1) of the Companies Act 2006 seriously and consider that they have acted in the way they consider, in good faith, would promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in Section 172(1) (a–f) in the decisions taken during the year ended 31 December 2021. Our key decisions in 2021 are set out on page 39.

We set out on page 1 our aim to support customers throughout their property journey. We do this primarily through our franchisees and our network of advisers. The Board considers its key stakeholders to be its franchisees and advisers, employees, the communities in which the Group operates, shareholders and regulators. The Board takes seriously the views of these stakeholders in setting and implementing our strategy. To the extent that it is relevant, in addition to the stakeholders discussed opposite, the impact on the environment and the communities in which the Group operates is considered when making decisions.

Franchisees and advisers

Why are they important?

Our local franchisees and advisers are ultimately those who deliver the Group services to our customers

Our priorities

- Excellent training and professional development
- High satisfaction level from our franchisees and advisers
- Embedding the best customer service experience into our business model

Our engagement

- Dedicated Business Development Manager to provide business support through a hybrid of virtual and physical meetings
- Regional networking groups and an annual conference enabling franchisees and advisers to share ideas
- Ongoing training and development programme

Employees

Why are they important?

People lie at the heart of everything that we do, so attracting and retaining talented people is an important success factor

Our priorities

- Recruitment and retention
- Staff training and wellbeing to develop effective teams
- Incentivising and rewarding staff

Our engagement

- Annual personal development review and regular one-to-one meetings between staff and their line manager
- Twice-yearly team briefings held by the CEO and CFO to give update on Company performance and gather employee feedback
- Senior and long-serving staff are incentivised through Company share option schemes

Outcomes

Franchisees and advisers

- Increasing average revenue per franchise office
- Increased average written mortgage business per adviser
- High level of success across our networks

Links to KPIs: 1 2 3 4 5 6 7 8 9 10

Links to risks: A B C D E F

Employees

- 65% of staff have length of service of over two years
- Eleven of our long-serving staff exercised share options in 2021
- Our recent staff survey reported that 80% of staff were proud to work for the Company and would recommend it as a good place to work

Links to KPIs: 1 2 3 4 5 6 7 8 9 10

Links to risks: A B C D E F

Learn more about our key decisions from **page 39**

Learn more about our KPIs from **page 20**

Learn more about how we manage risk from **page 31**

Communities

Why are they important?

The vibrance of our local communities is critical to the success of our independent business networks

Our priorities

- Providing youth employment opportunities
- Encouraging an ethos of charitable giving
- Promoting investment in local businesses

Our engagement

- Apprenticeship opportunities for young people from our local community
- Kickstart placements for young people at risk of long-term unemployment
- Participation in fundraising events across the Group

- Three apprentices were recruited to our Central Office team and 23 Kickstart placements were created across the Group in 2021
- Our Central Office team raised £6,000 for MIND, the mental health charity
- Five new franchise offices opened in 2021, providing local employment opportunities

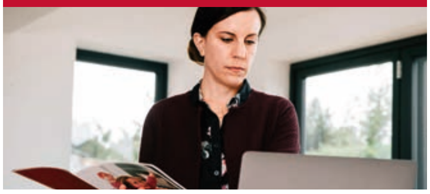
Links to KPIs

1 2 3 4 5
6 7 8 9 10

Links to risks

A B C
D E F

Shareholders



Why are they important?

As owners of the Belvoir Group, our shareholders need to understand and have confidence the business strategy

Our priorities

- Transparency of our business operations with investors
- Aligning Group strategy with the interests of shareholders
- Making Belvoir an attractive and reliable investment proposition

Our engagement

- Regular virtual investor presentations providing institutional and private investors direct access to our CEO and CFO
- All recorded CEO interviews uploaded to the PLC website, www.belvoirgroup.com
- Clear guidance to shareholders

- 50% of our shares are now in the hands of retail investors
- Our two largest institutional investors at flotation are still substantial shareholders
- Positive investor feedback on engagement, accessibility and transparency

Links to KPIs

1 2 3 4 5
6 7 8 9 10

Links to risks

A B C
D E F

Regulators

The Property Ombudsman

Why are they important?

The regulators are responsible for setting industry standards that give customers confidence in our sector

Our priorities

- Adhering to industry standards as a minimum
- Educating franchisees and advisers on new regulations
- Meaningful engagement with the regulator and other Government bodies

Our engagement

- Belvoir attends quarterly meetings of The Lettings Industry Council, which engages with the Department for Levelling Up, Housing and Communities
- Our Chairman, Michael Stoop, is a non-executive director of The Property Ombudsman (TPO)
- Belvoir participates in discussions on key industry legislation and regulatory changes, including those proposed in the RoPA report

- Encourages use of accredited, trained and fully insured property professionals
- Ensures all customers are treated fairly
- Improves standards across the sector

Links to KPIs

1 2 3 4 5
6 7 8 9 10

Links to risks

A B C
D E F

Demonstrating our growth strategy

The Group was quick to capitalise on strategic growth opportunities by investing both in the specialist student lettings market and in strengthening our access to future mortgage clients.

Overview of performance

Group revenue increased by 37% to £29.6m (2020: £21.7m), a record level. 2021 was one of the busiest years in recent times for estate agents, with UK residential property sales transactions up 41% on 2020 and 22% ahead of the six-year average to 2019. The Group worked closely with its franchisees and advisers to ensure that they were best placed to respond to the strong market conditions, which gave rise to organic growth of 25% in the underlying business. The Group added a further 12% to revenue from the expansion of both its property and financial services networks through two strategic acquisitions.

The financial services division achieved revenue growth of 49% to £14.4m (2020: £9.7m), 44% of which arose from the underlying business. The acquisition of Nottingham Mortgage Services, the mortgage advisory arm of the Nottingham Building Society ("The Nottingham"), increased revenue by 5%. Our network of advisers has grown by 41 advisers to 243 (2020: 202), 17 of whom are dedicated to servicing The Nottingham's members. Financial services clearly benefited from the buoyancy in the residential property sales market throughout most of 2021, and towards the end of the year was sustained by a busy period for remortgages and associated insurance products.

Revenue from the property division was up 27% to £15.2m (2020: £12.0m) with like-for-like growth at 16%. The acquisition of Nicholas Humphreys, a national specialist student lettings franchise network, accounted for 18% of growth in the property division from its 17 franchised and three corporate-owned offices. Meanwhile, the planned franchising of five of the Lovelle corporate-owned offices, in line with our franchising strategy, reduced revenue by 7%.

Management service fees (MSF), the key underlying return from franchisees, were up 18% for the year to £10.7m (2020: £9.1m) and revenue from corporate-owned offices was up 61% to £3.6m (2020: £2.3m). The exceptionally strong residential property sales market in 2021 temporarily shifted the lettings to sales ratio from its more traditional 80:20 split to 74:26.

Revenue from property sales, both MSF and corporate, increased by 49% to £3.7m (2020: £2.5m) with the extension of the stamp duty holiday ensuring that the residential sales market remained highly active until September, and thereafter returned to more normal transaction levels with unfulfilled demand continuing to fuel house price inflation. Like-for-like sales growth was 46%.

Lettings revenue increased by 21% to £10.7m (2020: £8.8m), benefiting from the acquisition of the predominantly student lettings-focused Nicholas Humphreys network. The underlying lettings increase of 7% reflected a strong lettings market in which the demand for more space and a return of young people to UK cities as offices reopened post lockdown resulted in an insufficient supply of available properties to rent. As a result, rents on new tenancies were seen to rise by around 8%.

All three markets continued to grow throughout 2021 with revenue from lettings up 21%, sales up 49% and financial services up 49%, combining to deliver an excellent year for the Group. Belvoir now has a portfolio of 72,900 (2020: 65,065) managed properties, and in 2021 Group house sales were up 54% to 12,320 (2020: 8,003) and the number of mortgages arranged by Belvoir's advisers was up 37% to 16,585 (2020: 12,094). The Group's network revenue, being the total revenue across all our Group companies, our franchisees and our advisers, totalled £112m (2020: £96m).

Dorian Gonsalves
Chief Executive Officer

Our strategic priorities

The majority of our mortgage business is currently being introduced from non-Group sources, i.e. national contracts serviced in partnership with MAB and independent estate agency businesses, and leads generated by our online marketing activities or from our extensive client database. A key focus for 2022 is to drive further collaboration between our property and our financial services networks, so that we can maximise the earnings potential for our franchisees and advisers from offering financial services through all Group offices.

Our two corporate acquisitions in 2021 are further evidence of our successful growth strategy of investing in similar businesses that expand the footprint of both our franchise and financial services networks, and where there is scope for greater future growth as part of the Belvoir Group. The acquisition of Nicholas Humphreys in March 2021 opened up the specialist student lettings market for the Group and provides a platform for extending the network into other university towns. Having partnered with the Nottingham Building Society in 2020 to undertake all estate agency and lettings services through its branch network, Belvoir strengthened this strategic alliance further through the acquisition of Nottingham Mortgage Services in July 2021. In addition to providing mortgage advice to The Nottingham's branch members, this partnership provides access to its lifetime ISA members who will be saving for their first home through the Beehive Money app, a new digital savings platform launched at the end of 2021. With the Government adding 25% to savings up to a maximum of £1,000 per year, this will be a popular savings product for many first-time buyers.

Creating value

The Group is highly cash generative and the Board aims to deploy its cash reserves by acquiring businesses that meet its strategic investment criteria, as demonstrated by its investment in corporate acquisitions every year since 2015, including a further corporate transaction completed post year end.

> "The acquisition of the Nicholas Humphreys franchise network has enabled us to extend our professional lettings service to encompass the specialist student lettings market. We anticipate strong growth potential for this network as part of the Belvoir Group."

The Group's continued success in acquiring and assimilating additional franchise and financial services businesses, alongside organic growth in our networks, has helped to deliver an increase of over 138% in profit before tax to £9.3m (2017: £3.9m) and 137% in EPS to 20.4p (2017: 8.6p) over the last four years.

Our marketplace

The property sector had its busiest year for transactions since 2007, with almost 1.5 million properties passing onto new homeowners in 2021, compared with a yearly average of 1.2 million since 2010. The requirement to work from home during the pandemic and the subsequent hybrid home and office arrangements for many have caused many homeowners and tenants to reassess their lifestyle and housing needs. With many seeking larger suburban homes with gardens, there has been a 'race for space' which has impacted both the sales and the lettings market. At the same time the stamp duty holiday stimulated demand further, enabling those with properties of a higher value to move with little or no stamp duty payment. The market returned to more traditional transaction levels towards the end of 2021 and the challenge at the start of 2022 is a lack of stock in both the lettings and sales markets. This is anticipated to ease as we move into spring, which is traditionally the most active time of the year for homeowners starting to look to move.

The financial services sector anticipates increased remortgage activity by both homeowners and buy-to-let (BTL) landlords whose mortgages, fixed amid robust property markets in 2017 and at the start of 2020, are coming to an end of their two and five-year deals. With further stimulus stemming from predicted interest rate rises in 2022, transfers and remortgages are forecast to increase. As a result, our financial services division will benefit from having a substantial client bank to service, and this will mitigate some of the fall in the house purchase mortgage activity.

Outlook

Our significant recurring and reliable lettings revenue stream, our substantial financial services client base and the diversity and resilience of our business model are expected to insulate the Group from what could be a more uncertain market in 2022, especially given economic pressures and geo-political turmoil.

We remain confident that we will continue to perform well relative to the market as a whole, and that our business model and growth strategy will continue to deliver enhanced value for all our stakeholders.

Dorian Gonsalves
Chief Executive Officer

Strategy for growth

Our medium-term strategy is focused on leveraging our property and franchising expertise to meet our purpose of helping people to realise their property aspirations through a highly professional network of franchisees and advisers.

Links to KPIs

1. MSF
2. Net financial services commission
3. Profit before tax
4. EPS
5. Number of franchise offices
6. Average MSF per office
7. Number of managed properties
8. MSF p.a. from assisted acquisitions
9. Number of advisers
10. Number of mortgages arranged

Learn more about our KPIs from **page 20**

Links to risks

- A Ability to generate planned revenue and profit growth
- B Ability to recruit and retain skilled franchisees and advisers
- C Reputational risk
- D Ability to execute our assisted acquisitions strategy
- E Legislative and regulation changes
- F Online threat

Learn more about how we manage risk from **page 31**

Group acquisitions strategy

Accelerating business growth through the acquisition of additional franchised property networks and property-related services companies

Milestones of 2021

- Acquisition of Nicholas Humphreys, specialist in student lettings with offices in 20 university towns nationwide
- Strengthening of the strategic alliance with The Nottingham through the acquisition of its mortgage advisory arm, Nottingham Mortgage Services
- Fully assimilated Nicholas Humphreys into the Belvoir Group

Focus for the future

- Identify other franchise property or financial services networks to bring into the Group
- Position Belvoir to take advantage of further strategic consolidation and alliances within the property sector
- Identify alternative property-related income streams complementary to the Group

Links to KPIs

1 **2** **3** **4** **5** 6 **7** 8 9 **10**

Links to risks

A B C D E F

Assisted acquisitions programme

Increasing the market penetration of existing franchise territories through a proactive approach to finding them a local portfolio acquisition

Milestones of 2021

- Seven (2020: eleven) transactions completed by franchisees under the assisted acquisitions programme
- Added £1.2m (2020: £2.1m) of acquired franchisee revenue to the network and £130,000 (2020: £153,000) p.a. in MSF
- 122 (2020: 90) franchisees enrolled on the acquisition research programme

Focus for the future

- Target to add around £5.0m p.a. of additional network revenue under the assisted acquisitions programme, dependent on market conditions
- Provide a model to convert larger acquisition opportunities for our franchisees
- Position our franchisees to take advantage of consolidation within the sector

Links to KPIs

1 2 **3** **4** 5 **6** **7** **8** 9 10

Links to risks

A **B** C **D** **E** F

Recruitment

Increasing UK coverage of both our property franchise and financial services networks

Milestones of 2021

- Eight new franchise owners joined the Group
- Four new franchise offices opened
- 17 existing offices were resold either to a new or an existing franchise owner
- 84 new advisers joined Belvoir's financial services network

Focus for the future

- Continue to attract new franchise owners to the Group
- Open offices in new territories
- Facilitate the resale of existing property franchise offices
- Extend our financial services network of advisers across the UK

Links to KPIs

1 2 3 4 5
6 7 8 9 10

Links to risks

A B C
D E F

Diversification

Expanding our offering of property-related services and ways of engaging with clients

Milestones of 2021

- Under our collaboration with The Nottingham, there are 37 dual-branded Nottingham Building Society branches
- 121 estate agency offices offer financial services through a Brook financial adviser
- 147 (59%) of our traditional lettings franchise networks, Belvoir and Northwood, were active in selling houses in 2021, reporting revenue from sales up 62%

Focus for the future

- Encourage collaboration between franchisees and advisers to maximise conversion of mortgage leads
- Build on the collaboration with The Nottingham to offer mortgage advice to its Beehive Money online savers
- Extend the range of property-related services offered through our franchise networks

Links to KPIs

1 2 3 4 5
6 7 8 9 10

Links to risks

A B C
D E F

Marketing and PR

Continuous drive to increase brand awareness across all Group brands

Milestones of 2021

- New Belvoir brand website launched to take advantage of the improved Group platform
- Market appraisals generated by Group websites up by over 120%
- Launched an automated and integrated email marketing platform for all Group brands
- Refreshed the recently acquired Nicholas Humphreys brand to make more contemporary

Focus for the future

- Launch new managed marketing initiative to help franchisees generate more leads from more effective local marketing
- Launch live chat mortgage lead generation across the brand websites
- Build a Group cross-referral system to improve inter-office out-of-area vendor and landlord lead referrals

Links to KPIs

1 2 3 4 5
6 7 8 9 10

Links to risks

A B C
D E F

Measuring our performance

The Group tracks a series of financial and non-financial metrics that demonstrate the progress we are making. These have been discussed in further detail throughout the Strategic report.

Links to strategy

1. Group acquisitions strategy
2. Assisted acquisitions programme
3. Recruitment
4. Diversification
5. Marketing and PR

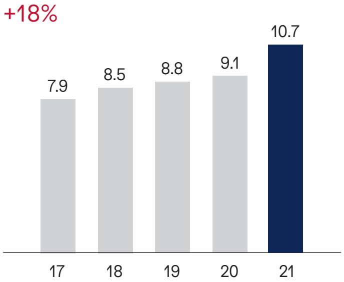
Learn more about our strategy from **page 18**

Financial KPIs

MSF (£m)

£10.7m

+18%



Definition
Fees to the franchisor based on a percentage of franchisee revenue

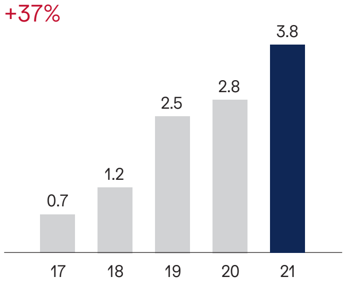
Comment
18% growth with lettings up 10% and sales up 56%, with lettings benefiting from the acquisition of the Nicholas Humphreys network

Links to strategy: 1 2 3 4 5

Net financial services commission (£m)

£3.8m

+37%



Definition
Commission receivable on financial services less commission payable to advisers

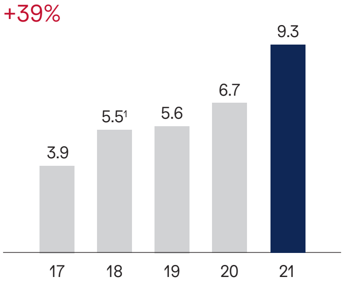
Comment
Reflects 41 net increase in advisers

Links to strategy: 1 2 3 4 5

Profit before tax (£m)

£9.3m

+39%



Definition
Profit before tax arising from ongoing operations

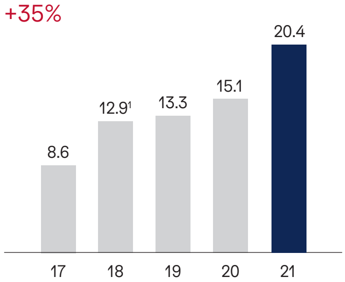
Comment
Organic growth and increased profitability associated with the two corporate acquisitions in 2021

Links to strategy: 1 2 3 4 5

EPS (p)

20.4p

+35%



Definition
Earnings per share equates to retained profit divided by the number of shares

Comment
Increase in EPS reflecting enlarged Group and increased profitability

Links to strategy: 1 2 3 4 5

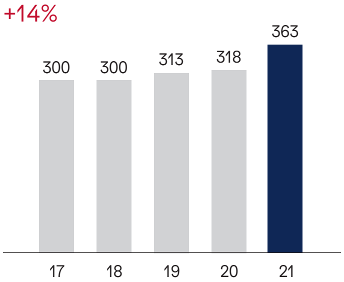
1. 2018 included net exceptional credit of £0.6m.
2. Excludes NBS branches.

Non-financial KPIs

Number of property franchise offices (#)

363

+14%



Definition

In 2021 all our franchised estate and lettings agencies had a physical high street presence

Comment

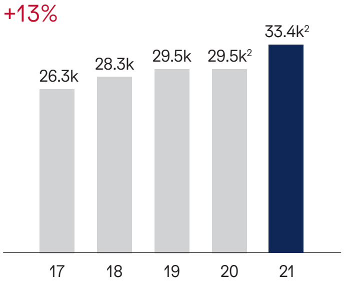
Office numbers extended to include the Nicholas Humphreys network and additional dual-branded Nottingham Building Society branches

Links to strategy: 1 2 3 4 5

Average MSF per franchised office (£)

£33,360

+13%



Definition

Total MSF divided by the number of franchise offices

Comment

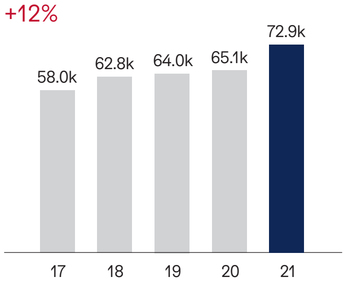
Focus on growth through diversification and acquisition has increased the average size of our offices

Links to strategy: 1 2 3 4 5

Number of managed properties (#)

72,900

+12%



Definition

Total number of properties managed on behalf of landlords within the Group

Comment

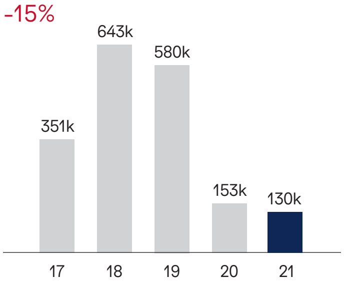
Growth relates to the additional Nicholas Humphreys portfolio of managed properties

Links to strategy: 1 2 3 4 5

MSF p.a. from assisted acquisitions (£)

£130,000

-15%



Definition

Additional MSF p.a. arising from the assisted acquisitions programme

Comment

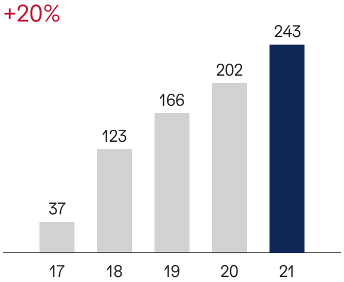
The strong property market has reduced vendors' appetite for selling

Links to strategy: 1 2 3 4 5

Number of advisers (#)

243

+20%



Definition

The number of advisers operating within Brook at the year end

Comment

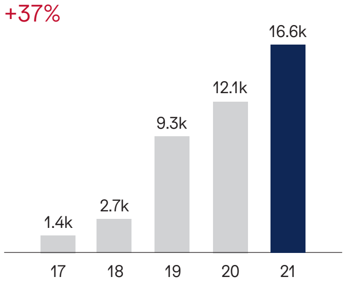
Brook extended its footprint of advisers and is working with 121 Group offices

Links to strategy: 1 2 3 4 5

Number of mortgages arranged (#)

16,585

+37%



Definition

The number of mortgages written for clients of Brook during the year

Comment

Strong property market and increased adviser numbers resulting in increased written mortgage business

Links to strategy: 1 2 3 4 5

Our ESG journey

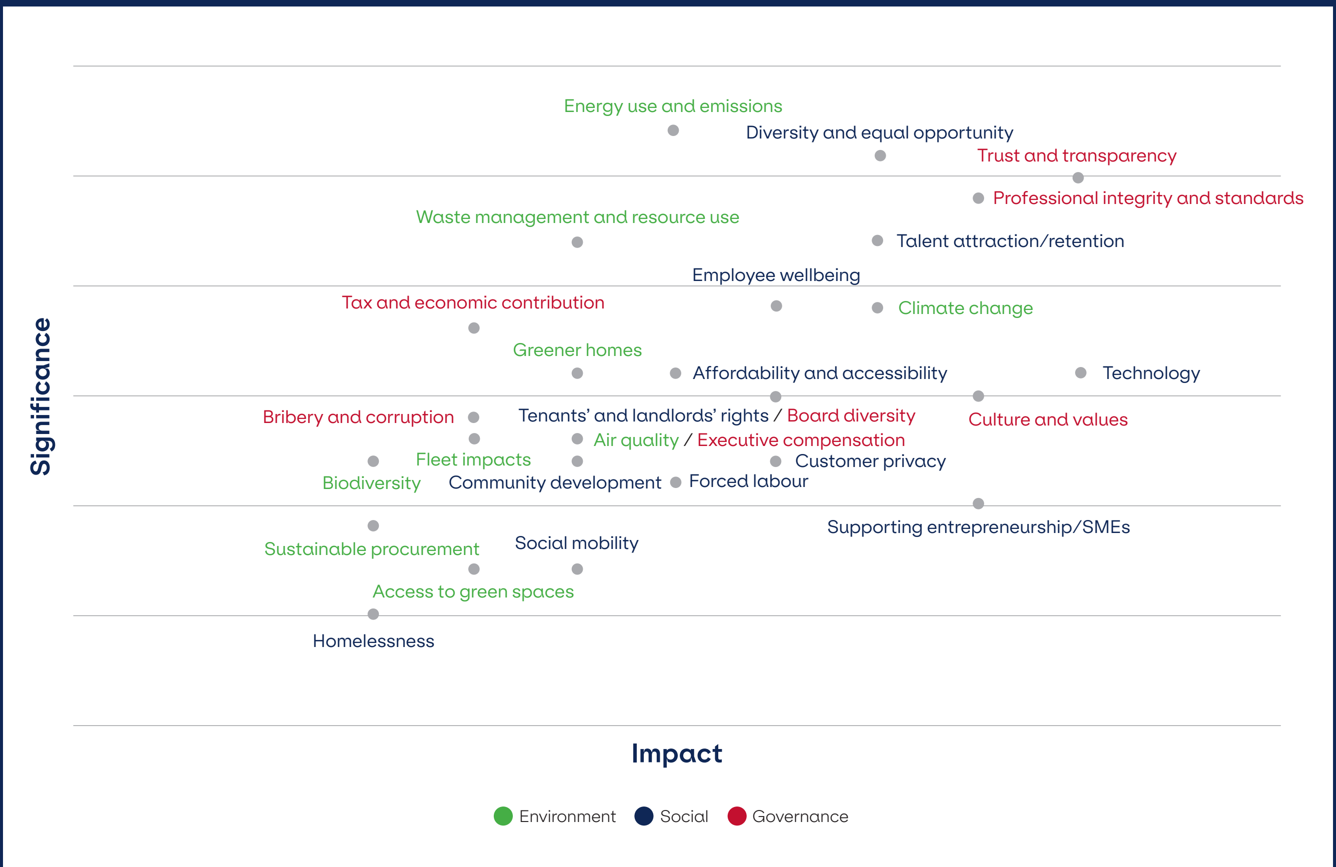
Our aim was to create an ESG strategy that was relevant and meaningful to our stakeholders and worked to resolve issues for which we could have a significant impact. This marks the beginning of an ongoing commitment to our ESG strategy and to working closely with franchisees to help them to do the same.

Developing our strategy

We developed the new five pillar strategy through collaboration with internal stakeholders, interviews with external stakeholders, research and a comprehensive review of our material ESG issues. The pillars are based on a materiality assessment process, which enabled us to understand our highest priority ESG issues, their significance to stakeholders and their impact on the business. This is shown in the form of a materiality matrix diagram below.

To get to the matrix, we worked with external consultants on a detailed analytical process, including industry intelligence gathering and macro trends analysis to develop a long-list of 28 material topics across the environmental, social and governance agenda. We then conducted risk and opportunity analysis against each topic to establish its potential to impact the business (plotted on the x-axis, "Impact"), and significance based on stakeholder views and prevalence in the market, policy and media (plotted on the y-axis, "Significance").

Our materiality matrix



How we use the materiality findings

We use the outcomes and insights from the assessment to help us understand which areas we should prioritise and how to manage a broad range of different issues. All the issues on this matrix are important but we want to focus our efforts on the areas that will deliver most value to our stakeholders and best support our business aims.

Our most material issues are largely social and governance focused, highlighting the importance of our culture and human capital management, our role in maintaining and enhancing professional standards, and how we harness technology responsibly and build trust through open and transparent practices. These form the basis of our ESG strategy.

There are a number of highly significant environmental issues such as climate change, energy use and emissions, waste and resource use and greener homes that are important to stakeholders, but due to the nature and structure of our business have less potential to impact us. These are areas that we must manage closely or where we will aim to use our influence, network and partnerships to have a positive impact.

The matrix highlights a number of emerging topics that may be increasing in importance such as biodiversity, air quality and social mobility, for example. Whilst these are not critical areas in this assessment, we will need to continually monitor for changes to the level of importance to our stakeholders and the business. Because we evaluate topics over a two to three-year time horizon, the growing importance of some topics may not be captured by this matrix.

Materiality also helps us to understand where we need to focus our reporting so we're presenting information on areas that are important to our stakeholders. Whilst we already report against some of the issues that rated highly on our matrix, we will be developing our reporting and targets to align with our new strategy and the findings from our materiality assessment.

Our material issues and strategic focus areas

Building trust
- Culture and values
- Trust and transparency
- Affordability and accessibility

Read more detail on building trust on **page 25**

Raising standards
- Professional integrity and standards
- Tenants' and landlords' rights
- Greener homes

Read more detail on raising standards on **page 25**

Nurturing talent
- Talent attraction and retention
- Diversity and inclusion
- Employee wellbeing

Read more detail on nurturing talent on **page 26**

Harnessing technology
- Technology and digital transition
- Energy use and emissions

Read more detail on harnessing technology on **page 26**

Building local businesses
- Supporting entrepreneurship and SMEs
- Socioeconomic development

Read more detail on building local businesses on **page 27**

Our Group ESG strategy

We are excited to share and introduce our new ESG strategy for the first time. The strategy addresses our most material ESG issues and has been developed to help us achieve our purpose by supporting sustainable business growth. We aim to achieve this by keeping ahead of market trends, addressing key business risks and opportunities, and leveraging Belvoir's business strengths, all of which should deliver value to all our stakeholders.

Building trust

We build trusted relationships with our stakeholders by being straightforward, honest and open in all our communications and transactions at every level of our business.

Why is this important?

There are low levels of trust in the sector: Ipsos MORI's annual Veracity Index shows a net negative trust rating for estate agents at just 27%. Transparency is important at all levels of the organisation in increasing trust levels which will result in a more efficient business operation.

How are we doing?

A culture of professionalism runs throughout the entire business. It is embedded at the initial training and reinforced at every touch point with staff, franchisees and advisers to ensure a consistent approach for the benefit of our clients. Supporting our franchisees and advisers is one of our most important jobs, with a number of the central workforce dedicated to this task alone. Our comprehensive training programme helps to support this.

Our relationship with the franchisees and advisers is based on trust and transparency with clear contracts and fee structures. Rents to tenants and all fees to landlords, sellers and borrowers are fair and transparent and in line with market norms. We have open and regular engagement with shareholders and a proven track record in achieving results in line with reliable forecasts. Regular briefings are held to update staff on the Group's performance and frequent Senior Management Team meetings encourage collaboration between all departments.

We have developed a business model that enables franchisees and advisers to set up their own business whilst benefiting from the economies of scale of being part of a large group.

How we measure our progress

- Star rating from independent review platforms
- BFA survey

Belvoir risks

- Public opinion of the sector easily influenced by political agendas
- Reputational risk

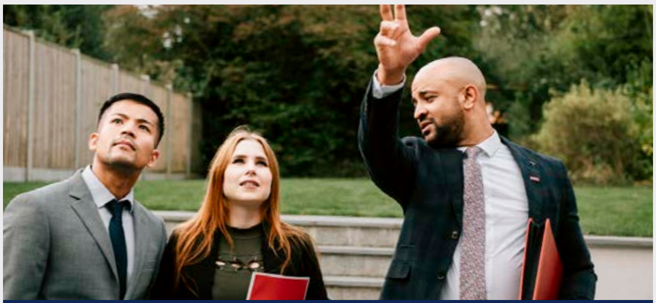
Belvoir difference

- Service excellence

Trust score

Belvoir	Northwood	Newton Fallowell
70%*	58%*	82%*

* Independent survey of our franchisees conducted by the British Franchise Association (BFA).



Raising standards

We maintain the highest professional standards across our network through guidance, support and training for our franchisees and advisers, so they can offer a quality service to customers, protect tenants and buyers, and support landlords in providing safe homes that meet energy efficient standards.

Why is this important?

There is a clear link between professional standards and trust. The Government is expected to introduce legislation around the Regulation of Property Agents (RoPA), designed to raise standards, and there are further policy shifts on the horizon through the Levelling Up initiative and the Renters' Reform Bill. High standards are a general benefit of the network model, where guidance and training can be consistently and effectively applied.

How are we doing?

We audit all franchisees annually to ensure standards are being upheld. Franchisees are given a report and score based on the audit so they understand how to improve.

Franchisees and advisers must either be fully qualified or complete our comprehensive induction course before starting to operate. Ongoing professional development ensures that our high standards are maintained.

Our franchisees are all members of an independent redress scheme such as The Property Ombudsman. We also play an active role in The Lettings Industry Council (TLIC), which aims to influence Government policy to improve standards within the PRS.

Our franchisees ensure that rental properties comply with minimum EPC standards. We have an objective to take this further and provide advice to landlords as to how they can make their houses more energy efficient.

How we measure our progress

- Results from annual audit of franchisees

Belvoir risks

- Reputational risk
- Breaching current regulations

Belvoir difference

- Service excellence

Average score for annual audit

85%

Environmental, social and governance continued

Nurturing talent

We attract and retain a talented team that offers unrivalled support to our network by investing in its development and wellbeing and reinforcing an inclusive and open culture.

Why is this important?
Diversity, wellbeing and training are crucial to attracting and retaining talent. These are also the most widely addressed ESG issues amongst peers with increasingly sophisticated approaches being employed to drive business value.

How are we doing?
Each member of staff has an annual personal development review where performance and objectives are discussed and agreed. All members of the Senior Management Team have recently completed a bespoke mini-MBA training course. We also have a well-developed apprenticeship programme offering career opportunities to local young people with six currently employed centrally. We have many long-standing members of staff with 29% with more than five years' and 10% with over ten years' service.

Our overall gender split is currently 64% women and 36% men, with the women to men ratio at 29%:71% at Board level, 36%:64% at senior management level and 69%:31% for all other levels.

A training session on "Discrimination, Diversity and Inclusion in the Workplace" was conducted for our franchisees and more are planned to support franchisees to employ a diverse and representative workforce.

Six Central Office staff have undertaken Mental Health First Aider training to offer better support to colleagues, franchisees and advisers. Team building charity events such as our recent charity walk help people to make personal connections that improve their support network within the business.

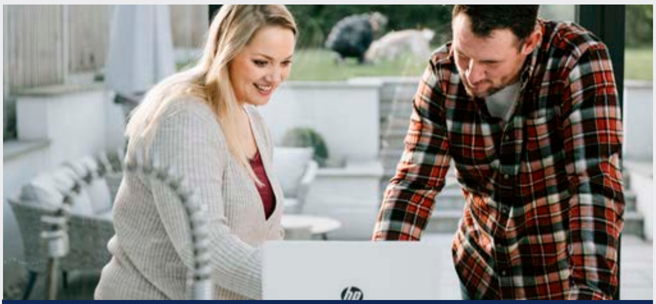
How we measure our progress
- Number of apprentices
- Gender diversity stats across different levels of the business
- Length of service stats

Belvoir risks
- Ability to recruit and retain skilled employees
- Reputational risk

Belvoir difference
- Service excellence

Number of apprentices currently employed centrally

6



Harnessing technology

We invest in IT solutions in partnership with sector-specialist software providers to build efficiency and effectiveness through our network, to reduce our environmental impacts and to meet changing customer needs.

Why is this important?
Accelerated by the pandemic, technology is continuing to disrupt the sector. There is an opportunity to employ technologies and platforms that drive efficiencies, improve transparency and accessibility for clients and reduce environmental impacts.

How are we doing?
Our offices are currently moving to one property management system, SME Professional, which will streamline processes and provide more accurate management data. This cloud-based system enables offices to retire their server-based systems, giving them greater security and flexibility. The brand websites have been moved onto one core platform, so that we can better test and analyse customer journeys to maximise conversion rate. Group deals with suppliers give franchisees more affordable access to technology to enhance interaction with clients.

In order to increase our cyber security across the Group we are introducing anti-spoofing measures, phishing simulations and user awareness training. We will also be embracing Microsoft's Modern Workplace for our Central Office.

We aim to make changes to reduce our environmental impact and our ambition is to set a net zero target. We are beginning to understand our impacts to allow us to put a timeline in place to achieve this. A working group of franchisees will be set up to develop a framework for offices to use to reduce their energy usage and emissions.

How we measure our progress
- Number of offices with their own ESG strategy in place
- Percentage of offices using SME Professional

Belvoir risks
- Online threat
- Digital security

Belvoir difference
- Network model

Percentage of offices migrated to SME Professional

77%

Building local businesses

We find, support and develop skilled entrepreneurs to grow their own businesses, expanding our network and providing much-needed investment and employment in local communities across the UK.

Why is this important?
Belvoir's business model depends on finding and retaining skilled entrepreneurs and supporting them to grow their businesses. SMEs are widely recognised as key to a strong economy given their importance to local employment and economic development.

How are we doing?
Our business model is entirely geared to attracting talented entrepreneurs and enabling them to set up and operate their own business, whether as a property franchisee or a financial services adviser. Potential franchisees are identified and matched with an independent business whose owner wishes to sell. We coordinate the process to enable a brand-new franchisee to begin a new business under one of our brand names with an existing portfolio from which to build. Our intensive training course gives new franchisees the skills they need to operate their business successfully. Ongoing support through our Business Development Managers and subsequent training help franchisees grow and maximise that business' potential.

Our Group offices, our franchisees and our advisers offer good quality opportunities within their local communities. We have 463 offices in our franchise property and financial services networks with an average of around four staff so, in addition to our Group staff of 225, our business has a combined staff of over 2,000.

The Belvoir Group operates the Kickstart scheme with 23 people given placements, enabling unemployed young people to access work experience across our network.

How we measure our progress
- No. of offices in network
- No. of people employed across the network (not incl. Belvoir employees)

Belvoir risks
- Ability to recruit and retain skilled franchisees and advisers

Belvoir difference
- Network model
- Proactive growth

Number of offices

463

Case study – building local businesses

Gary Pemberton of Belvoir Warrington is a keen advocate of ESG and a member of Belvoir's ESG Working Group.

"My wife, Amanda, and I started Belvoir Warrington as a cold start 13 years ago, and it's very much a local business," says Gary.

"A lettings and estate agency business really needs to be community focused. We started during the 2007/08 recession, and, having survived that, we began thinking how we could support the local community each year with fundraising events and sponsorship. As an example, this Christmas we held three fun days and presented a cheque for £500 to the Children's Adventure Farm Trust, a charity that looks after disadvantaged local children.

"My team all live locally, and our contractors, some of whom have been with us for years, are very much an extension of our team. By looking after our contractors and developing a good relationship with them we know we can rely on them to go the extra mile for our clients. This paid dividends during the pandemic when people really needed to feel supported.

"We are also launching a new Acts of Kindness initiative. Every month we will encourage our team, including contractors, to let us know of any acts of kindness they have been involved with in the community, and will share their story on social media in recognition of their efforts.

"The small things can make a big difference; for example, we recently set up a recycling station for batteries, we order recycled paper, and we use an app to wirelessly operate our air-conditioning system so that we don't heat or cool the office when it is closed. We are very much at the beginning of our ESG journey, but we recognise its importance and know how much it will influence people's decisions in the future."

> A lettings and estate agency business really needs to be community focused."

Gary Pemberton
Franchise owner

Learn more about our local businesses from **page 5**

Delivering strong results

Creating shareholder value underpins our growth strategy.

Revenue

Group revenue in 2021 increased by £7.9m to £29.6m (2020: £21.7m). Corporate acquisitions and disposals during the year added net £1.8m, whilst revenue on a like-for-like basis increased by £6.1m.

Revenue from our financial services division was up £4.7m to £14.4m (2020: £9.7m) resulting from growth generated both organically and by acquisition. On 29 July 2021 the Group acquired Nottingham Mortgage Services Limited, renamed Brook Mortgage Services Limited (BMS), which added 17 advisers and £0.5m of revenue in the last five months of 2021. Revenue growth of £4.2m from the underlying financial services business was generated from an additional 24 advisers and a strong mortgage market.

Revenue from the property division was up £3.2m to £15.2m (2020: £12.0m). The acquisition of White Kite Group 2021 Limited, which trades as Nicholas Humphreys through 17 franchised and three corporate-owned offices, added £2.1m to revenue. Meanwhile, the planned franchising of five Lovelle corporate-owned offices between August 2020 and January 2021 reduced revenue by £0.8m. On a like-for-like basis, the property division achieved growth of £1.9m.

Income streams in the property division comprise: management services fees (MSF), these being our key underlying revenue stream from franchisees; revenue generated by corporate-owned offices; franchise sales, which include fees charged to franchisees joining the Group and renewal fees from existing franchisees; and other fees.

MSF increased by £1.6m to £10.7m (2020: £9.1m) with £0.3m arising from the 17 Nicholas Humphreys franchise offices and the five newly franchised Lovelle offices. Lettings MSF were up £0.7m, of which £0.4m arose from the underlying network. MSF from property sales were up £0.9m to £2.5m (2020: £1.6m), which arose predominantly from the pre-existing business.

Income from corporate-owned offices was up £1.4m. The three Nicholas Humphreys corporate-owned offices added revenue of £1.9m. Meanwhile, the franchising of five Lovelle corporate-owned offices reduced revenue from corporate-owned offices by £0.9m, against which there was a compensatory impact from an increase of £0.1m in MSF and a £0.8m reduction in overheads. The Group continues to operate two corporate-owned offices in Grantham, which contributed additional revenue of £0.4m in 2021, up 18% on 2020. With the exception of these two offices, the Group will generally look to identify a franchise solution in line with its franchise business model at an appropriate time.

Revenue from franchise sales in 2021 was £0.3m (2020: £0.2m). Five (2020: seven) new offices opened in 2021, all of which resulted from an existing franchise owner opening an additional office. A further 16 (2020: three) existing franchise offices were resold, seven of which were to a new franchise owner joining the Group and nine to an existing franchise owner taking on an additional territory.

Other income was unchanged at £0.4m (2020: £0.4m).

Gross profit

Gross profit increased by 29% to £19.0m (2020: £14.8m) with the gross profit ratio by business activity being lettings 56%, sales 19%, financial services 20% and other 5% (2020: 60%:17%:19%:4%), reflecting the significant bias towards our recurring lettings income stream.

The lower gross profit margin from financial services of 27% (2020: 29%) resulted in the Group gross margin of 64% (2020: 68%). These shifts reflect the greater proportion of independent Business Partners operating within the financial services network, some of whom join together in 'hubs', and who earn a higher rate. This operating model does not require a comparable increase in overheads, and as such has contributed to the improvement in the Group operating profit margin to 32% (2020: 31%).

Louise George
Chief Financial Officer

Administrative expenses

Administrative expenses increased by £1.5m to £9.7m (2020: £8.2m). This comprised:

- Increase of £1.7m from operating Nicholas Humphreys.
- Increase of £0.1m from operating Brook Mortgage Services.
- Increase of £0.2m resulting from professional fees associated with corporate acquisitions.
- Reduction of £0.8m from franchising of five Lovelle corporate-owned offices.
- Reduction of £0.2m in share-based payments (full disclosure is detailed in note 27 to the accounts).
- Increase of £0.5m in underlying overheads associated with increased headcount and other operating costs.

Operating profit

Operating profit was up £2.7m to £9.3m (2020: £6.6m), an increase of 41% over the prior year.

Other income

In May 2020, options over 40,000 shares in Mortgage Advice Bureau, an AIM-listed company, vested. These were sold during 2020 and a gain of £0.1m was recognised in other income within the prior year.

Profit before taxation

Profit before taxation of £9.3m (2020: £6.7m) is after interest receivable on franchisee loans of £0.2m (2020: £0.2m), which is regarded by the Group as part of its ongoing operations to extend the network reach.

Taxation

The effective rate of corporation tax for the year was 20.6% (2020: 20.3%). The March 2021 Budget commitment to increase corporation tax to 25% with effect from April 2023 was substantially enacted in May 2021. As a result, deferred tax balances expected to reverse after April 2023 have been remeasured at 25% and £0.5m is reflected in the 2021 tax charge. This was mitigated by a credit of £0.5m arising from the difference between the deferred tax asset release and the corporation tax deduction on share options exercised during the year. The difference reflected a stronger share price at the time of exercise compared to the price at the end of 2020, on which the deferred tax asset was based.

Earnings per share

Basic earnings per share was up 35% to 20.4p (2020: 15.1p) based on an average number of shares in issue in the year of 36,142,000 (2020: 35,101,000). When the dilutive effect of share options is incorporated, the earnings per share was 20.3p (2020: 14.6p).

Profit attributable to owners was £7.4m (2020: £5.3m).

Dividends

The Board is proposing a final dividend for 2021 of 4.5p per share (2020: 5.1p, which included a catch-up of 1.3p on the final 2019 dividend). Subject to shareholders' approval at the AGM on 26 May 2022, this dividend will be paid on 30 May 2022, based upon the register on 19 April 2022. The ex-dividend date is 14 April 2022.

In total, the 2021 dividend for the year will be 8.5p (2020: 10.5p including the catch-up on the final 2019 dividend of 3.3p) with dividend cover at 2.3x. The Board aims to offer a reliable and growing income stream to investors whilst retaining sufficient funds for further investment to meet its strategic growth objectives.

Cash flow

The Group continues to achieve a high conversion of cash from operations activities with 100% (2020: 110%) of EBITDA converting into cash of £10.3m (2020: £8.2m). The net cash inflow from operations was £8.5m (2020: £6.8m) reflecting the enlarged Group.

The net cash used in investing activities was £3.5m (2020: £1.4m):

- On 15 January 2021 the sale of the Lovelle Grimsby Lettings corporate office held for resale generated proceeds of £0.6m.
- On 31 March 2021 the Company acquired the entire share capital of White Kite Holdings 2021 Limited for £4.0m cash consideration, net of cash acquired.
- On 29 July 2021 Brook Financial Services Ltd acquired the entire share capital of Nottingham Mortgage Services Limited for £0.4m cash consideration, net of cash acquired.
- The cash outflow of franchisee loans granted was £0.8m (2020: £0.7m) with the level of assisted acquisitions activity remaining low compared to the period pre-pandemic.
- The cash inflow from repayments to the franchise loan book was £1.0m (2020: £0.8m) with a Covid-19-related capital repayment holiday reducing cash inflow in 2020 by £0.4m.
- Interest received on the franchise loan book was £0.2m (2020: £0.2m).

During 2021 £0.9m (2020: £0.9m) was repaid against the HSBC loan and associated finance costs were £0.2m (2020: £0.3m). Dividend payments totalled £3.3m (2020: £1.9m), of which £0.5m was a catch-up of the suspended final 2019 dividend payment. As a result, net cash outflow from financing activities totalled £3.6m (2020: £3.1m).

Financial review continued

Liquidity and capital resources

At the year end the Group had cash balances of £7.4m (2020: £5.9m) and a term loan of £8.7m (2020: £9.6m). The HSBC facility is repayable at £0.9m per year in half yearly repayments until March 2023 followed by a final repayment of £7.9m. Bank covenants are set at dividend cover of greater than 4.0 and the debt service ratio at greater than 1.2, within which the business is forecast to operate with substantial headroom.

Unearned indemnity commission

Associated with our growing financial services division is the accounting treatment of unearned indemnity commission. This comprises three elements, the net effect of which is £0.7m (2020: £0.5m):

- The Group accounts for amounts withheld by Mortgage Advice Bureau from weekly commission payments in respect of unearned indemnity commission within other debtors. At the year end this balance was £1.6m (2020: £1.3m).
- Revenue is reduced to reflect the estimated clawback of commission by Mortgage Advice Bureau arising on the cancellation of life assurance policies within four years following inception and a refund liability is recognised for unearned indemnity commission. At the year end the refund liability was £1.5m (2020: £1.3m).
- Also, on a weekly basis the estimated clawback of commission recoverable from our advisers is accounted for within other debtors. At the year end this balance was £0.6m (2020: £0.5m).

Post-year-end acquisition

On 10 March 2022 the Group acquired Mr and Mrs Clarke Limited, a personal agent network offering estate agency services nationwide. Consideration comprised an initial payment of £23,000 satisfied in cash from existing cash reserves, and a three-year earnout at 6x EBITDA. A further £177,000 was applied to the settlement of certain liabilities at completion. In the year to 31 August 2021 Mr and Mrs Clarke Limited recorded revenue of £600,000 and operating profit of £13,000 and at that date had net assets of approximately £61,000.

Financial position

The Group continues to operate from a sound financial platform with net assets of £33.6m (2020: £28.3m), with the main change being the additional intangible assets arising from the acquisitions of White Kite Holdings 2021 Limited and Nottingham Mortgage Services Limited, which were funded from existing cash reserves.

Key performance indicators

The Group uses a number of key financial and non-financial performance indicators to measure performance, which are regularly reviewed by the Board to ensure that they remain relevant to the Group's operations. These have been discussed in detail throughout the Strategic report and are illustrated on pages 20 and 21.

Louise George
Chief Financial Officer

> "The Board aims to offer a reliable and growing income stream to investors whilst retaining sufficient funds for further investment to meet its strategic growth objectives."

How we manage risk

As with all businesses, we face a wide range of risks and uncertainties on a daily basis.

Principal risks and uncertainties

The Board has determined the most significant risks to achieving the business objectives, including those that would threaten its business model, future performance, solvency or liquidity. The table on pages 32 and 33 summarises these principal risks and how they are managed or mitigated. The risks listed do not comprise all those associated with the Group and are not set out in any order of priority. There could be additional risks and uncertainties that are not presently known to management or currently deemed to be less material, which may also have an adverse effect on the business.

Going concern statement

The Group continues to operate from a sound financial platform and is strongly cash generative. The bank balance as at the date of this report is £8.3m. Whilst the Group continues to generate profit and cash, demonstrating excellent resilience despite the ongoing impact of the pandemic, the Board has nonetheless revisited its forecasts against a range of possible downside outcomes for the period to 31 December 2023. These include the possible impact on the economy of post-pandemic easing of restrictions; higher energy prices; increased tax and interest rates; and geo-political uncertainty both home and abroad on trading.

Sensitivities have been applied to the base case model to reflect minimal impact on lettings income and moderately lower levels of income from sales and mortgage activity but no reduction in headcount or other overheads and no change in terms of business with franchisees.

Under all reasonably foreseeable circumstances, the Board has concluded that the Group has adequate resources to continue in operational existence and to meet its financial obligations as they fall due, whilst operating within its bank covenants, in the period to 28 March 2023.

The final bank loan repayment of £7,868,000 is due on 28 March 2023. The base case forecasts indicate the cash to repay the loan will be available and other mitigating actions remain available to ensure cash is maximised in any reasonably foreseeable downside scenarios. However, the Group's growth ambitions, both organically and though acquisition, will require additional facilities if growth is not to be constrained. Negotiations to secure a new facility are expected to commence during 2022 and initial indications from the Group's bankers suggest they are supportive, both in relation to extending the existing facilities or providing a new, larger facility.

In conclusion, the Board are satisfied that it remains appropriate to prepare these financial statements on a going concern basis and that no material uncertainties exist.

Our risk management framework

Board of Directors

- Leadership of risk management, sets strategic objectives and risk appetite and monitors performance
- Accountable for the effectiveness of the Group's internal control and risk management processes

Audit Committee

- Delegated responsibility from the Board to oversee risk management and internal controls
- Oversees the effectiveness of the Group's internal control and risk management processes
- Monitors the independence and expertise of the external auditor

Executive Directors

- Communicate and disseminate risk policies
- Support and help operating companies to assess risk
- Encourage open communication on risk matters
- Assess materiality of risks in the context of the whole Group and monitor mitigation and controls

Operations Board

- Defines risk management roles at operational and project level
- Uses approach to risk as an explicit part of decision making and management of external relationships
- Continuous identification of risk, assurance and self-assessment

Risk management continued

"The Board has determined the most significant risks to achieving the business objectives, including those that would threaten its business model, future performance, solvency or liquidity."

Potential impact	Mitigating activities	Change in risk
Ability to generate planned revenue and profit growth		
The economic instability post Covid-19 in terms of higher energy prices and increases to both tax and interest rates, and the political uncertainty in Eastern Europe are likely to affect both consumers and businesses. This could have a negative impact on our ability to grow as planned, organically, through corporate acquisitions and under our assisted acquisitions programme.	Both the economic and political landscape are regularly reviewed by the Board and mitigating action is taken wherever possible. Given the extraneous factors involved, there may be limits to the level of direct action that can be taken. However, the Board will be prioritising work that puts our franchisees and advisers in the strongest position to weather any storms caused by wider economic and political pressures.	Increase in risk ▲ Our franchise business model proved to be resilient throughout both the 2007 crash and the current Covid-19 pandemic. We will continue to help our franchisees and advisers to take advantage of all growth opportunities as the market conditions evolve post pandemic. Links to strategy: 1 2 3 4 5
Ability to recruit and retain skilled franchisees and advisers		
The ability of the Group to attract new franchisees and advisers with the appropriate expertise and skills, in available and suitable locations, cannot be guaranteed.	The Board continually monitors the performance of the recruitment team and is focused on identifying innovative ways of attracting successful new joiners. The recruitment marketing message is aimed at attracting the widest possible range of people irrespective of age, gender and race.	Increase in risk ▲ The unprecedented market conditions have created an environment where people are looking for alternative employment models and lifestyles which has increased interest from potential new franchisees and advisers. Links to strategy: 2 3
Reputational risk		
The Group's reputation, in terms of the way in which it and its franchisees/advisers conduct their business and the financial results which they achieve, is central to the Group's future success. Failure by the franchisees/advisers to meet the expectations of their customers may have a material impact on the reputation of the brands within the Group.	New joiners are subject to an intensive training programme and subsequent monitoring and support from a dedicated business development mentor. The Group also offers ongoing training courses to ensure continuing professional development.	No change in risk ● Our franchisees and advisers are both subject to ongoing training and compliance which minimises reputational risk. Links to strategy: 3

Links to strategy

1. Group acquisitions strategy
2. Assisted acquisitions programme
3. Recruitment
4. Diversification
5. Marketing and PR

Learn more about our strategy from **page 18**

Strategic report

Potential impact	Mitigating activities	Change in risk
Cyber risk		
As the sector becomes more technology led, and given the recent roll out of a new Group-wide property platform, our operations become more vulnerable to cyber-attack, ransomware and data breaches. Such an attack could affect the Group's ability to function as normal.	We cannot make the business bulletproof, but are committed to adopting best practice across the Group, including anti-email spoofing measures, centralised email signature management and performing regular simulated phishing attacks on our users, coupled with continuous user awareness training.	Increase in risk ▲ The roll out of new cyber security measures is mandatory across the Group giving improved business protection at all levels Links to strategy: 1 2 3 4 5
Legislative and regulation changes		
Professionalising the sector, as originally set out in the RoPA report, was referred to again in the recent Levelling Up White Paper. These recommendations include the re-introduction of Home Information Packs, the introduction of qualifications for property agents with no "get out" clause for experienced agents, licensing of agents and a new code of practice for the sector.	The Board welcomes the proposed changes aimed at professionalising the sector. Our support system already covers in-depth upfront and ongoing training of all our franchisees and advisers. We also have a comprehensive system of audit and compliance to ensure best practice.	No change in risk ● The recommendations of the RoPA report and the Levelling Up White Paper might deter new entrants to the sector but might also provide opportunities for professionally run reputable businesses. Links to strategy: 1 2 3 4 5
Online threat		
The market share for online agencies offering a low-cost solution fell to less than 7% in 2021. The Group needs to ensure that it can meet the demands of a new generation of landlords, tenants, buyers and sellers for whom a technical platform is second nature, and for whom a physical office presence is less critical.	The pandemic accelerated the use of technology by both agents and the public. The Group has adopted a new technology platform aimed at improving the customer journey. The Group has also recently acquired a personal agent network so as to extend the way in which we deliver our services.	Decrease in risk ▼ There was no significant consumer shift to the online agencies during the pandemic. The long-term viability of online agencies is yet to be proved, with several failures resulting in much less willingness to continue funding unproven models. Links to strategy: 1 2 3 4 5

The Strategic report is contained on pages 1 to 33. It was approved by the Board on 1 April 2022.

An experienced Board

Belvoir has a highly experienced Board of Directors with a commitment to driving profitability and long-term shareholder value. The Directors of the Company who were in office during the year up to the date of signing the financial statements were:

Michael Stoop
Non-Executive Chairman

Appointment
March 2018

Experience
Michael has over 46 years' experience of the franchise property market, initially with Winkworth as both a franchisee and as the group managing director. This was followed by 22 years as managing director of Legal and General's estate agency network, Xperience, which he was instrumental in converting into a wholly franchised network of 95 offices. In 2014, this was sold to The Property Franchise Group plc, where Michael was group managing director until he stood down in 2016.

Key skills
Estate agency/franchising

Committee membership
Audit Committee member
Remuneration Committee Chairman

Dorian Gonsalves
Chief Executive Officer

Appointment
October 2011

Experience
Dorian has extensive experience in the property industry having spent seven years with Countrywide before joining Belvoir in 2005 as Business Development Manager. Appointed Sales Director a year later and subsequently Chief Executive Officer, Dorian also spent five years as a director of The Property Ombudsman. Dorian has a deep understanding of franchising and the strategic vision to deliver a successful franchise operation.

Key skills
Strategic business planning/franchising/people management

Louise George
Chief Financial Officer

Appointment
June 2014

Experience
Louise is a Chartered Accountant having qualified with Ernst & Young in 1991. She has 20 years' board-level experience with AIM-listed companies overseeing a wide range of corporate transactions. Over the past seven years Louise has undertaken eight significant acquisitions for the Group. Louise, who is also a Chartered Secretary, serves as Company Secretary to the Group.

Key skills
Financial management/mergers and acquisitions/investor relations

Michelle Brook
Executive Director

Appointment
January 2022

Experience
Michelle has 33 years' experience within the financial services sector. Having previously worked for Mortgage Advice Bureau, Michelle set up her own business in 2010, building it to a network of 32 advisers before selling to the Belvoir Group in 2017. As Managing Director of the financial services division since 2017, Michelle has overseen the financial services network increase to 243 advisers.

Key skills
Financial services/people management

Paul George
Non-Executive Director

Mark Newton
Non-Executive Director

Jon Di-Stefano
Non-Executive Director

Learn more about our governance from **page 36**

Learn more about our Audit Committee from **page 41**

Learn more about our Remuneration Committee from **page 42**

Learn more about our stakeholder engagement from **page 14**

Paul George

Appointment
June 2018

Experience
Paul has extensive experience in audit, reporting and governance having, until April 2020, spent 16 years as an executive director at the Financial Reporting Council (FRC), most recently responsible for corporate governance and reporting. Prior to the FRC, Paul was an executive director of MCG PLC and an audit partner at KPMG. Paul is also a partner of Board Excellence, a business providing board advisory services, and a non-executive director of Strip Tinning Holdings plc.

Key skills
Corporate reporting/ corporate governance

Committee membership
Audit Committee Chairman
Remuneration Committee member

Mark Newton

Appointment
March 2016

Experience
Mark, a Chartered Surveyor, has 46 years' experience of estate agency. He joined Black Horse Agencies in 1984 and subsequently was appointed managing director of Legal & General Estate Agents. In 1999 Mark established Newton Fallowell, which he built into a network of 30 franchise offices before selling to Belvoir in July 2015. Initially joining the Board as an Executive Director, Mark changed role to become a Non-Executive Director with effect from 1 January 2022.

Key skills
Estate agency/ financial services

Committee membership
Audit Committee member

Jon Di-Stefano

Appointment
April 2022

Experience
Jon has a deep understanding of the housebuilding and construction sector from his 19-year tenure at AIM-listed Telford Homes Plc. After nine years as CFO, Jon was appointed as CEO in 2011, overseeing an increase in profits from £3m in 2011 to over £40m when the business was sold to CBRE in 2019.

Key skills
Strategic growth/ stakeholder relations

Committee membership
Audit Committee member
Remuneration Committee Chairman

Introduction to corporate governance

Promoting a culture of good governance

At Belvoir we recognise that high standards of corporate governance underpin our continuing success.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Group and Company's auditor is unaware;
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information; and
- the Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

High standards of corporate governance continue to be a key priority for the Belvoir Board. We continually review the framework within which we operate and the processes implemented to ensure that they reflect the complexities of our business and, whilst acknowledging our size, are also capable of adding value as the business grows. In 2018 the Board adopted the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as the basis of the Group's governance framework.

The Board sets out the overall strategic direction for Belvoir, regularly reviews management performance and ensures that the Group has the right level of resources available to support our strategic goals. The Board is satisfied that the necessary controls and resources are in place such that these responsibilities can be properly addressed.

Within Belvoir we promote a culture of good governance in dealing with all key stakeholders: our franchisees, our employees, our customers and our shareholders. This section of the annual report describes our corporate governance structures and processes and how they have been applied throughout the year ended 31 December 2021.

Michael Stoop
Non-Executive Chairman

An established Board with complementary skills

The Board has adopted the QCA Code as the basis of the Group's governance framework and set out below is a summary of how, at 31 December 2021 and for the year then ended, the Company was applying the key requirements of the Code.

Board of Directors

Throughout 2021 the Board comprised a Non-Executive Chairman, three Executive Directors and one Non-Executive Director. During the first quarter of 2022, Michelle Brook was appointed as Financial Services Director, Jon Di-Stefano was appointed as a Non-Executive Director, and Mark Newton retired from his executive role to become a Non-Executive Director. As from the date of this report, the Board comprises a Non-Executive Chairman, three Executive Directors and three Non-Executive Directors. Due to his substantial shareholding and his prior role as an Executive Director, Mark Newton is not considered to be independent. Notwithstanding their small shareholdings, both Michael Stoop and Paul George are considered to be independent, as is Jon Di-Stefano. At every AGM one-third of the Directors must retire by rotation.

The Board has ten scheduled meetings a year, but meets more frequently if required, and has full and timely access to all relevant information to enable it to carry out its duties.

The Board reserves for itself a range of key decisions such as strategy, acquisitions, significant contracts and internal controls, to ensure it retains proper direction and control of the Group, whilst delegating authority to individual Directors who are responsible for the executive management of the business.

There is a clear division of responsibilities at the head of the Company between the Chairman running the Board and the Chief Executive Officer running the Group's operations.

The role of the Chairman is to manage the Board in the best interests of its stakeholders, to ensure that shareholders' views are communicated to the Board and to be responsible for ensuring the Board's integrity and effectiveness.

The role of the Chief Executive Officer is to manage the Group on a day-to-day basis, to ensure that Board decisions are implemented effectively and to develop and propose Group strategy to the Board.

The Board considers the current Board structure appropriate for the Company. There are processes in place enabling Directors to take independent advice at the Company's expense in the furtherance of their duties and to have access to the advice and services of the Company Secretary.

The role of Company Secretary is undertaken by the Chief Financial Officer, Louise George, who is a qualified company secretary with the skills and capability to deliver this function effectively.

Board Committees

The Board has delegated specific responsibilities to the Audit and Remuneration Committees. Given its relatively small size, the Board as a whole fulfils the function of the Nominations Committee. The Board considers that collectively the members of each Committee have the appropriate experience and none of them have interests which conflict with their positions on the Committees. All Board Committees have their own terms of reference, which are available from the Company Secretary upon request.

Remuneration Committee

The Remuneration Committee has two scheduled meetings a year and is responsible for determining the contractual terms, remuneration and other benefits of the Executive Directors. During the year the Remuneration Committee comprised Paul George and Michael Stoop, who acted as the Chairman.

Details of the level and composition of the Directors' remuneration are disclosed in the Directors' remuneration report on pages 42 and 43.

Audit Committee

The Audit Committee has three scheduled meetings a year. During the year the Audit Committee comprised Michael Stoop and Paul George, who acted as the Chairman and is considered to have recent and relevant financial and legal knowledge and experience.

Paul George reports in further detail on the work and responsibilities of the Audit Committee on page 41.

Internal control

The Board is responsible for the Company's system of internal control and has delegated the review of its effectiveness to the Audit Committee. This is reported on in detail within the Audit Committee report on page 41.

Financial reporting

There is a comprehensive planning system, including regular periodic forecasts which are presented to and approved by the Board. The performance of the Group is reported monthly and compared to the latest forecast and the prior period.

Board effectiveness

The Board continually assesses the appropriateness of its agendas, and the information needed to support the Board's role in setting strategy, overseeing performance and decision making. Building on this ongoing process and the internally facilitated review conducted in Q1 2021, the Board has undertaken a further survey to assess progress against the actions agreed in the 2021 review and to identify any emerging issues.

Results of the survey confirmed that the Board considered that good progress had been made against all previously agreed actions. Looking forward and in light of the survey and discussion, the Board has agreed further actions to ensure that it remains focused on the strategic opportunities available, the identification and mitigation of risk and ultimately meeting stakeholder needs.

In addition to the assessment of the effectiveness of the Board as a whole, the Chairman discussed with each individual Director their own performance and how they can contribute to the continued success of the Group.

Statement of corporate governance continued

2021 key shareholder engagements

January
- **Pre-close trading update**
  RNS/CEO video interview

April
- **Acquisition of Nicholas Humphreys**
  RNS/CEO video interview
- **Preliminary results**
  Online meetings/RNS/CEO video interview
- **Investor Meet Company**
  CEO and CFO online presentation to retail investors with Q&A session
- **Annual report published**
  Report
- **Mello results round-up**
  CEO and CFO online presentation to retail investors with Q&A session

May
- **AGM trading update**
  RNS/CEO video interview
- **AGM**
  Meeting under Covid-19 conditions

June
- **Strengthening of alliance with the Nottingham Building Society**
  RNS/CEO video interview
- **Proactive Investors Forum**
  CEO and CFO online presentation
- **Exercise and sale of management's share options**
  RNS

July
- **Yellowstone investor webinar**
  CEO online presentation with CEO and CFO Q&A session
- **Pre-close trading update**
  RNS

September
- **Interim results**
  Meetings/RNS/CEO video interview
- **Investor Meet Company online presentation**
  CEO and CFO presentation with Q&A session
- **Shares investor event**
  CEO online presentation with CEO and CFO Q&A session
- **Exercise and sale of management's share options**
  RNS
- **Mello results round-up**
  CEO and CFO online presentation to retail investors with Q&A session

October
- **CEO interview**
  finnCap Ambition Nation Listed 50 interview with CEO

November
- **CEO interview**
  CEO delivers Proactive Investors investment elevator pitch

December
- **Trading update**
  RNS

Relations with shareholders

Keeping investors informed is an essential part of the Company's corporate communications strategy and is achieved by means of an active investor relations programme. The aim is to ensure that the Company's business model, strategic goals and future prospects are clearly understood by the investment community. The Company operates a high level of transparency with regard to its operations by providing consistent information across all channels of communication. The Board places a high emphasis on shareholder engagement and, through an open and transparent dialogue with shareholders, aims to ensure that shareholders' objectives and views on the Company's performance are understood. The Chairman makes himself available to major shareholders on request and the CEO conducts interviews covering key events during our corporate calendar which are published online and made available through our corporate website.

The Group's corporate website, www.belvoirgroup.com, aims to provide investors with the required information to fully understand the business, including the annual and interim reports, and to potentially make an investment decision. The website is regularly reviewed and updated to reflect new information.

All shareholders will receive at least 21 clear days' notice of the Annual General Meeting, which is normally attended by all Directors. Shareholders are invited to ask questions during the meeting and to meet with Directors after the formal proceedings have ended.

In September 2021, Brendan Gulston, of the fund group Gresham House, reported in The Telegraph that "his favourite AIM stock was the estate agency Belvoir."

> "Belvoir ended up exceeding expectations for the year, despite its market being shut for two months. It operates a franchise model which makes its profits reliable – franchises pay their fees irrespective of what is happening in the market."

Brendan Gulston
Gresham House

Our Company culture

Belvoir has developed from a family-owned lettings agency to the multi-brand Group it is today based on the core principle of encouraging individual endeavour within a supportive network. This lies at the heart of franchising.

Values in action: Collaboration

Our ethos has always been that of encouraging and harnessing both the entrepreneurial spirit of our franchisees and advisers and the ambition of our employees to achieve their personal goals.

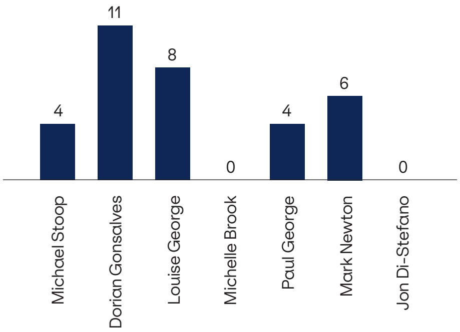
We foster an environment where franchisees and advisers are encouraged to learn from others within their network whilst also testing out their own ideas in the knowledge that they have the wider safety net of the Group.

We nurture our staff to develop in their role, balancing individual performance with working as part of a team. The continual growth of the Group has opened up new opportunities for our people to progress their career in a dynamic environment where going above and beyond is both recognised and rewarded.

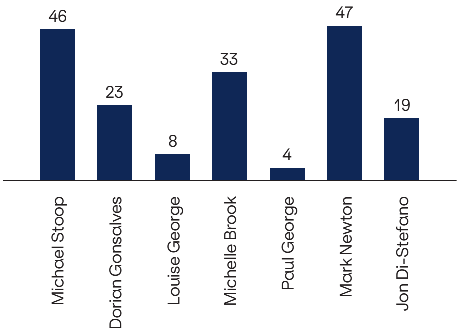
Board experience

As of the date of this report.

Length of tenure (years)



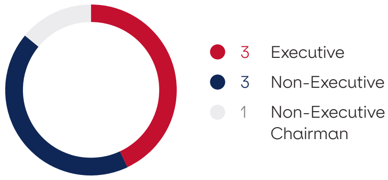
Industry experience (years)



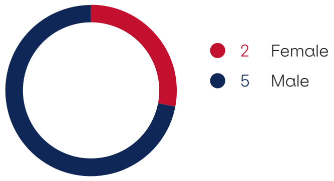
Board composition, diversity and experience

Composition and roles

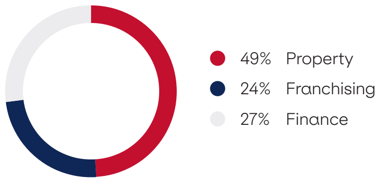
The QCA Code provides that the Board should be balanced between Executive and Non-Executive Directors and should have at least two independent Non-Executive Directors.



Diversity



Sector experience



Attendance at meetings

Meetings attended	Main Board	Remuneration Committee	Audit Committee
Total number of meetings			
Michael Stoop	●●●●●●●●●●	●●●	●●●●
Dorian Gonsalves	●●●●●●●●●●	◌◌◌	◌◌◌◌
Louise George	●●●●●●●●●●	◌◌◌	●●●●
Mark Newton	●●●●●●●●●●	◌◌◌	◌◌◌◌
Paul George	●●●●●●●●●●	●●●	●●●●

● Meetings attended ○ Meetings missed ◌ Not due to attend

Two key decisions in 2021

Acquisition of Nicholas Humphreys

This enabled the Group to extend the reach of its franchise business model into the specialist student lettings market providing valuable operational and business development support to the franchisees within the Nicholas Humphreys network and enhancing the quality of services available to the local communities in meeting their property aspirations.

Learn more about our acquisitions from **page 16**

Acquisition of Nottingham Mortgage Services

This enabled the Group to strengthen its strategic alliance with the Nottingham Building Society by providing enhanced mortgage advice to local branch members of The Nottingham, whilst generating longer-term growth potential from access to online savers looking to buy their first home.

Both acquisitions provide future incremental return to investors.

Corporate governance

Statement of corporate governance continued

Operations Board

The Operations Board comprises the Executive Directors and the heads of each business unit. The Operations Board meets monthly and is responsible for executing the strategy as set out by the Board. This is conducted through two sub-boards: one for the property franchise division and one for the financial services division. The CEO and CFO attend the meetings for both divisions to ensure the effective roll out of the strategic integration of our property franchise and financial services networks.

Each member of our senior team is a capable manager with considerable sector experience averaging 28 years and length of service averaging twelve years.

> "The Operations Board meets monthly and is responsible for executing the strategy as set out by the Board."

Group operations structure

Belvoir Group PLC Board

Operations Board

- **Phil Gee**
  Northwood,
  Managing Director
- **Dorian Gonsalves**
  Belvoir Group PLC,
  Chief Executive Officer
- **Michelle Brook**
  Belvoir Group PLC,
  Financial Services Director
- **Ian Maclean**
  Belvoir, Franchise Director
- **Louise George**
  Belvoir Group PLC,
  Chief Financial Officer
- **Tim Wood**
  Brook, Financial
  Services Director
- **David Spackman**
  Newton Fallowell,
  Managing Director

Property franchise division
(comprising Belvoir, Northwood, Newton Fallowell, Lovelle, Nicholas Humphreys and Mr and Mrs Clarke)

Financial services division
(comprising Brook)

Business development support

Acquisitions, recruitment and property

Compliance and audit

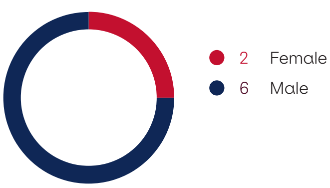
Marketing

IT and legal

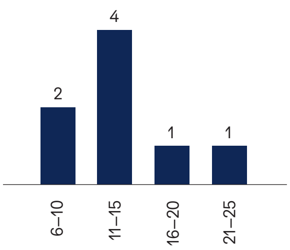
Senior team diversity and experience

As of 31 December 2021.

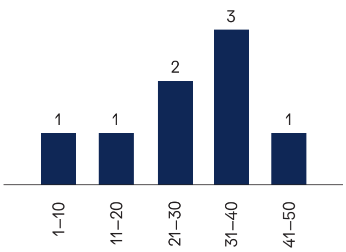
Gender diversity



Length of service (years)



Industry experience (years)



Evaluating the effectiveness of the audit process

As Audit Committee Chairman, I have great pleasure in reporting to you how we have discharged our responsibilities during the year.

The Audit Committee's responsibilities are to ensure the integrity of the financial statements of the Group and the effectiveness of the Group's underlying internal controls on behalf of the Board. I am a firm believer that to achieve these responsibilities the Committee needs an open and transparent culture, the required skills and expertise and excellent support. We are fortunate in this regard.

The Audit Committee comprised Michael Stoop and me. We are both independent and combine extensive industry knowledge with a deep understanding of corporate reporting, governance and audit. The Committee receives great support from Louise George, our Chief Financial Officer, and Julie Wilson, our Group Financial Controller, and input from our auditor, which attended two meetings during the year. There is an excellent flow of information from the Executive Team, an open dialogue on the key judgements and respect for the challenge provided by the auditor.

Since I wrote to you last March the Audit Committee has held three scheduled meetings. Ahead of the interim results we met to review the interim accounts focusing on the key judgement matters in preparing the results and in particular the recoverability of loans to franchisees and the underlying financial resilience of the Group. In December we met to consider the key risks faced by the Group, the controls to mitigate those risks and the audit plan in light of the risks and underlying controls. We also discussed the auditor's application of materiality, its independence and the proposed audit fee for 2021.

In line with best practice, in March I had a one-to-one discussion with the audit partner to discuss progress on the audit and any emerging issues. Later in March the Audit Committee discussed the report from the auditor on its work and the annual report and accounts. The key issues discussed were the matters identified by the auditor as significant risks. In addition to the presumed risks in respect of management override and revenue recognition, these related to the recoverability of franchise loans, the carrying value of intangibles, accounting for share options, the unearned indemnity commission provision and going concern. Through discussion, the Committee satisfied itself on the approach to the key judgements and as a result recommended to the Board the approval of the annual report and accounts. So far as the Committee is aware there were no matters of disagreement between the auditor and management.

During the year BDO provided non-audit services to the Group, including tax advice. The fees paid for these services are outlined in note 3. The use of BDO for non-audit work has been carefully evaluated by the Audit Committee and was not considered to have impaired its independence and objectivity.

The Audit Committee is also responsible for reviewing the Company's system of internal control, including financial, operational and compliance controls and risk management, and for considering its effectiveness on behalf of the Board. The procedures in place are designed to meet the particular needs of the Company in managing the risks to which it is exposed. As part of its audit work the auditor reported to the Committee on its assessment of the control environment and that it had not identified any significant deficiencies. The Board receives regular reports from the Group's audit and compliance team on its programme of visits and testing of controls operated by franchisees. In addition, the Committee considered the extent to which monthly management reporting was consistent with the audited financial statements and received confirmation from the Chief Financial Officer and Group Financial Controller that there had been no material breaches in the internal control framework during the year. As a result, the Committee is satisfied with the effectiveness of the Group's system of internal controls but, by their very nature, these procedures can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Committee has again reviewed the need for an internal audit function. The Committee has decided that, given the nature of the Company's business and assets and the overall size of the Company, the systems and procedures currently employed provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is in place. A traditional internal audit function is therefore considered unnecessary, particularly given the work of the audit and compliance team, which carries out legal compliance checks and risk-based audits on all franchisees at least once a year.

Finally, I would like to thank Michael and all attendees of the meetings during the year for the open and constructive way in which we met our responsibilities.

Paul George
Non-Executive Director
1 April 2022

Paul George
Non-Executive Director

Setting the overall policy on remuneration

The Directors present the Directors' remuneration report for the year ended 31 December 2021.

The Remuneration Committee sets the overall policy on remuneration and other terms of employment of Directors. The Remuneration Committee aims to ensure that the remuneration packages offered are competitive and designed to attract, retain and motivate Directors of the right calibre. When assessing the pay and benefits of the Directors, the Remuneration Committee takes account of remuneration and benefits information in the marketplace and the pay and employment conditions elsewhere in the Group.

In June 2021 the Remuneration Committee awarded a tranche of share options under the LTIP scheme that incorporated new longer-term objectives designed to ensure that the Executive Directors and Senior Management Team continue to be incentivised to maximise profitability and shareholder return.

Remuneration for Non-Executive Directors consists of fees for their services in connection with Board and Committee meetings. These fees are to be determined by the Committee without the involvement of the Non-Executive Director concerned. Non-Executive Directors do not participate in any Group pension or share option schemes.

All Directors are subject to retirement by rotation.

Basic salary or fees

Basic salary or fees for each Director are reviewed annually by the Remuneration Committee, taking into account the performance of the individual and information from independent sources on the rates of salary for similar posts.

Annual bonus

The Company operates a bonus scheme to incentivise Executive Directors to meet the financial and strategic objectives of the Group. During the financial year ended 31 December 2021, a total bonus of £253,000 (2020: £290,000) was awarded to the Directors.

Pension

During the year pension contributions of £42,000 (2020: £42,000) were paid to Executive Directors.

Taxable benefits

The Directors' taxable benefits are tabled opposite.

Service contracts

The Executive Directors of the Company do not have a notice period in excess of twelve months under the terms of their service contracts. Their service contracts contain no provisions for predetermined compensation on termination which exceed one year's salary and benefits in kind. Non-Executive Directors do not have service contracts with the Company but have letters of appointment.

Board members	Notice period
Dorian Gonsalves	Twelve months' notice
Louise George	Twelve months' notice
Michelle Brook	Six months' notice
Michael Stoop	Six months' notice
Paul George	Three months' notice
Mark Newton	Three months' notice
Jon Di-Stefano	Three months' notice

Company policy on external appointments

The Company recognises that its Directors are likely to be invited to become non-executive directors of other companies and that exposure to such non-executive duties can broaden their experience and knowledge, which will benefit the Group. Executive and Non-Executive Directors are, therefore, subject to the approval of the Company's Board, allowed to accept non-executive appointments, as long as these are not with competing companies and are not likely to lead to conflicts of interest. Executive and Non-Executive Directors are allowed to retain the fees paid.

Share options

The Remuneration Committee is responsible for awarding options over ordinary shares to Executive Directors and certain senior managers under the Enterprise Management Incentive (EMI) Scheme and Company Share Option Plan (CSOP) and the Belvoir Performance Share Plan, a long-term incentive plan (LTIP). These schemes are intended to offer long-term incentives to Directors and senior management. The Remuneration Committee believes that the potential for share ownership and participation in the growing value of the Company increases the commitment and loyalty of Directors and staff.

Michael Stoop
Non-Executive Chairman

The share options exercised by the Directors during the year are tabled below:

	Date exercised	Option plan	Options Number	Gain £
Dorian Gonsalves	10/06/2021	EMI	200,000	221,000
Louise George	10/06/2021	LTIP	515,782	1,245,614
Mark Newton	10/06/2021	LTIP	171,927	415,204
Dorian Gonsalves	07/09/2021	LTIP	644,727	1,676,290
Louise George	07/09/2021	EMI	175,000	225,750
			1,707,436	3,783,858

On 10 June 2021 Directors exercised 887,709 options, 200,000 under the EMI and 687,709 under the LTIP share option plans. The associated gain was £1,881,817. On 7 September 2021 the Directors exercised a further 819,727 options, 175,000 under the EMI and 644,727 under the LTIP share option plans. The associated gain was £1,902,040.

Options outstanding as at 31 December 2021 are tabled below:

Directors' share options	Share option scheme	Number	Exercise price	Date of grant	Vesting period	Expiry date
Executive Directors						
Dorian Gonsalves	LTIP	247,347	£0.01	30/06/2021	33 months	30/06/2031
Louise George	LTIP	207,122	£0.01	30/06/2021	33 months	30/06/2031
Michelle Brook	LTIP	9,527	£0.01	30/06/2021	33 months	30/06/2031

Directors' emoluments

The figures below represent emoluments earned by Directors during the relevant financial year and relate to the period of each Director's membership of the Board. Benefits incorporate all benefits assessable to tax arising from employment by the Group.

Directors' emoluments	Salary and fees £'000	Bonus £'000	Pension £'000	Benefits £'000	**Total 2021 £'000**	Total 2020 £'000
Executive Directors						
Dorian Gonsalves	202	121	20	1	**344**	354
Louise George	169	102	17	3	**291**	299
Mark Newton	106	30[1]	5	9	**150**	175
	477	253	42	13	**785**	828
Non-Executive Directors						
Michael Stoop	51	—	—	—	**51**	51
Paul George	37	—	—	—	**37**	36
	88	—	—	—	**88**	87
Total remuneration	565	253	42	13	**873**	915

1. The bonus due to Mark Newton will be paid into his pension fund.

Directors' interests

The interests of the Directors in the shares of the Company are tabled below:

	31 December 2021		31 December 2020	
Directors' interests	**Shares**	**Options**	Shares	Options
Dorian Gonsalves	**646,322**	**247,347**	483,595	844,727
Louise George	**409,114**	**207,122**	56,607	690,782
Mark Newton	**435,507**	**—**	435,507	171,927
Michael Stoop	**20,000**	**—**	20,000	—
Paul George	**20,000**	**—**	20,000	—

Michelle Brook, who was appointed to the Board on 5 January 2022, holds 476,162 shares and 9,527 share options. Jon Di-Stefano, who was appointed to the Board on 1 April 2022, has no interest in the shares of the Company.

Resolution

A resolution to shareholders to approve the Directors' remuneration report will be put forward at the Annual General Meeting.

By order of the Board

Michael Stoop
Non-Executive Chairman
1 April 2022

Focusing on supporting our stakeholders and delivering value

The Directors present their annual report and audited consolidated financial statements of the Group for the financial year ended 31 December 2021.

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are detailed on pages 34 and 35.

Dividends

The Company paid its interim dividend for the financial year ended 31 December 2021 of 4.0p per ordinary share on 29 October 2021.

The Board recommends a final dividend for the financial year ended 31 December 2021 of 4.5p (2020: 5.1p, which included a catch-up of 1.3p on the final 2019 dividend) per share to be paid on 30 May 2022 to all shareholders on the register at the close of business on 19 April 2022 subject to shareholders' approval on 26 May 2022. The ex-dividend date will be 14 April 2022.

Future developments

The Board continues to deliver growth through the support of the Group's franchise property networks to promote organic growth, expansion into new territories, the financial and commercial support of franchisee-led assisted acquisitions and diversification into financial services. Furthermore, the Board is pursuing strategic growth through the acquisition of other franchised property networks and complementary businesses (such as financial services) operating under a similar business model, building on the Group's strength as a highly regarded franchisor within the residential property sales and lettings sector.

Capital and equity structure

Details of the ordinary shares of the Company are shown in note 21 of these financial statements.

Directors' indemnity

The Group maintains third-party Directors' and officers' liability insurance which gives appropriate cover against any legal action that may be brought against them.

Employees

The Group believes in a policy of equal opportunities. Recruitment and promotion are undertaken on the basis of merit regardless of gender, race, age, marital status, sexual orientation, religion, nationality, colour or disability. If an employee becomes disabled during the course of their employment, adjustments are made where possible to enable such employee to carry on working despite their disability.

Financial and risk management policies

Details of the Group's financial and risk management policies are discussed in note 23 of these financial statements.

Directors' Section 172 statement

The Directors' Section 172 statement is set out on page 14.

"The Board continues to deliver growth through the support of the Group's franchise property networks to promote organic growth, expansion into new territories, the financial and commercial support of franchisee-led assisted acquisitions and diversification into financial services."

Louise George
Chief Financial Officer

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared both the Group and the parent company financial statements in accordance with UK-adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for both the Group and the parent company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website are the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and parent company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Governance section, confirm that, to the best of their knowledge:

- both the Group and the parent company financial statements, which have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that they face.

Exemption from audit by parent guarantee

Belvoir Group PLC has agreed to guarantee the liabilities of its trading subsidiaries, thereby allowing them to take exemption from an audit under Section 479A of the Companies Act 2006. See note 11.

Independent auditor

BDO LLP has expressed its willingness to continue as auditor. In accordance with Section 489 of the Companies Act 2006 a resolution to re-appoint BDO LLP will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Louise George
Chief Financial Officer
1 April 2022

Independent auditor's report

To the members of Belvoir Group PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Belvoir Group PLC and its subsidiaries for the year ended 31 December 2021 which comprise the Group statement of comprehensive income, the Group and Company statements of financial position, the Group and Company statements of changes of equity, the Group and Company statements of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the parent company's ability to continue to adopt the going concern basis of accounting included:

- We assessed the Group's trading and cash flow budgets and forecasts, which cover the period to 31 December 2023, including forecast compliance with banking covenants, the impact of the bullet repayment due under the current banking facilities in March 2023 and the post-year-end acquisition.
- Our work included assessing the key assumptions by reference to past performance, specifically considering the impact of the continued evolution of the Covid-19 pandemic, the wider geo-political and economic factors currently affecting the UK and how these may impact the future trading and prospects.
- We reviewed the alternative scenarios modelled by management, together with their reverse stress test, to assess the impact of the sensitivities on going concern, checking that the alternative scenarios took into consideration all reasonably foreseeable events and circumstances of which we were aware.
- We assessed the budgets, forecasts and sensitivities undertaken against the level of headroom in the banking covenants along with available cash and undrawn facilities.
- We discussed with the Directors their plans regarding the renewal of the existing banking facilities in March 2023, together with the feasibility of contingency plans and mitigation available should they be unable to agree revised/alternative facilities.
- We also reviewed the disclosures in the financial statements to ensure they are adequate and consistent with the Board's assessment and reflect any relevant uncertainties inherent in forecasting future events.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	95% (2020: 100%) of Group profit before tax 100% (2020: 100%) of Group revenue 95% (2020: 100%) of Group total assets		
Key audit matters		**2021**	2020
	Recoverability of franchisee loan debtors	•	•
	Carrying value of Group intangible assets, including goodwill and parent company investments	•	•
Materiality	**Group financial statements as a whole** £465,000 (2020: £346,000) based on 5% (2020: 5%) of profit before tax		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group manages its operations from one single location in Grantham, UK. At the statement of financial position date, the Group consisted of the parent company, six trading subsidiaries (all of which operate within the UK) and a number of dormant subsidiaries.

The Group engagement team has carried out full scope audits on the parent company and five trading subsidiaries. We focused on these entities as they were significant components relevant to the Group's financial position and performance. For the remaining trading subsidiary, we performed specific procedures on revenue and cash and a desktop review on the remaining financial information.

This work, together with the additional procedures performed at the Group level, including over the Group consolidation, provided the evidence required to form our opinion on the Group financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Recoverability of franchisee loan debtors The Group's accounting policy, significant judgements and key sources of estimation uncertainty are described in note 1. Details of the impairment provision are included in note 15.	The Group provides loans to franchisees which are held as a financial asset measured at amortised cost. Management applies an expected credit loss model in determining the recoverability of the franchisee loans which requires judgement and includes estimation uncertainty. The Group's model considers both the expected performance of the loan and the ability of the Group to recover loans through repossession and sale of the franchisee's business. The repossession and sale values are based on the average of the multiples paid by the Group and franchisees acquiring portfolios during the year under the assisted acquisitions programme. There is a risk that the impairment provision against franchisee loans may be understated or overstated due to the significant judgements and estimates involved.	We reviewed the supporting documentation for the Group's loans to franchisees and examined management's assessment of their recoverability. We tested the inputs into the Group's model, including the estimates used to assess the probability of cash shortfalls, and compared this with recent evidence, including recent defaults and the actual outcomes achieved. We tested a sample of the loans to supporting evidence to confirm that post-year-end repayments have been received in line with the original loan agreements, or where appropriate, reflecting any forbearance granted. We compared the key inputs used in the assessment of the values that could be achieved through repossession and sale, being multiples of revenue achieved in historical sales of franchisees' businesses, with recent empirical evidence. **Key observations** Based on the procedures performed we consider the judgements and estimates made by management in its assessment of the recoverability of franchisee loan debtors to be appropriate.

Independent auditor's report continued

To the members of Belvoir Group PLC

An overview of the scope of our audit continued

Key audit matters continued

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying value of Group intangible assets, including goodwill, and the parent company's investments The Group's accounting policy, significant judgements and key sources of estimation uncertainty are described in note 1. Details of the impairment considerations are included in note 10.	A significant proportion of the Group's net assets are goodwill and intangible assets. Goodwill is tested for impairment, at least annually, with other intangible assets tested where indicators of impairment are identified. Testing is undertaken through comparing the recoverable amount of the cash generating unit (CGU) to which the goodwill and other intangible assets are allocated, based on a value in use calculation, to its carrying value. Furthermore, the cost of investments in subsidiaries at the parent company level is tested for impairment where an indicator of impairment arises. Management's review found no evidence of impairment in any of the CGUs tested, nor in relation to the parent company's investments in subsidiaries. The risk that Group's intangible assets including goodwill and the parent company's investments are impaired is considered significant due to the level of judgement involved in the impairment review and the opportunity for management bias within the impairment model assumptions.	We reviewed the financial performance of the CGUs to which the Group's intangible assets relate, considering any relevant external information, to assess whether there were indicators of impairment in the associated fixed assets at the Group level and the investments in subsidiaries at the parent company level. We also tested the impairment models prepared by management and challenged the judgements adopted and estimates applied in the calculation of the value in use for each CGU including: • the identification of CGUs and allocation of assets and cash flows to check compliance with the requirements of the applicable accounting standard; • the integrity of the value in use models and appropriateness of the discount rate used, using our internal valuation experts, and the assumptions of forecast future trading and cash generation. This included challenging the robustness of the key assumptions, such as the growth rate. • This was done by comparing the forecasts to recent financial performance, budgets approved by the Board and external market data and checking consistency with the going concern forecasts. We used external market data to independently verify the discount rate and also performed our own sensitivity analysis over the key valuation inputs. **Key observations** Based on the procedures performed, we found the judgements made by management in its impairment review to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Our application of materiality continued

	Group financial statements		Parent company financial statements	
	2021 £	2020 £	**2021 £**	2020 £
Materiality	**465,000**	346,000	**441,000**	329,000
Basis for determining materiality	5% of profit before tax		95% of Group materiality	
Rationale for the benchmark applied	Profit before tax is considered an appropriate benchmark as it is the key performance measure used by stakeholders to assess the Group's performance.		Capped at 95% of Group materiality given the assessment of the components' aggregation risk.	
Performance materiality	**348,000**	260,000	**330,000**	247,000
Basis for determining performance materiality	Performance materiality for the Group and parent company has been based upon 75% (2020: 75%) of materiality. We have maintained the same level of performance materiality in 2021 as there have been no significant changes in the Group's operations, and there is a low expectation of known and likely misstatements and no history of internal control deficiencies.			

Component materiality

We set materiality for each component of the Group based on a percentage of between 34% and 95% of Group materiality dependent on the size and our assessment of the risk of material misstatement in that component. In the audit of each component, we applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to it all individual audit differences in excess of £23,000 (2020: £17,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report continued

To the members of Belvoir Group PLC

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- enquiring of management and the Audit Committee, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- obtaining an understanding of the legal and regulatory frameworks applicable to the Group based on our understanding of the Group, sector experience and discussions with management. The most significant laws and regulations for the Group are UK-adopted international accounting standards, the Companies Act 2006, corporate taxes and VAT legislation, employment taxes, health and safety, the Bribery Act 2010, the Housing Act and related legislation impacting the conduct of business with landlords and tenants; and
- discussing amongst the engagement team to assess how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
  - management override of controls; and
  - revenue recognition, specifically the manipulation of revenue using fraudulent journals.

Our procedures in response to the above included:

- enquiries of management and those charged with governance, and reviewing correspondence with the relevant authorities to identify any irregularities, including fraud or instances of non-compliance with laws and regulations. We corroborated our enquiries through our review of Board meeting minutes;
- testing the appropriateness of accounting journals, including those relating to the consolidation process and other adjustments made in the preparation of the financial statements. We used data assurance techniques to identify and analyse the complete population of all journals in the year to identify any which we considered were indicative of management override. We also tested the manual journals posted for the recognition of the revenue. Testing over these journals was performed by agreeing to the relevant supporting documentation;
- reviewing the Group's accounting policies for non-compliance with the relevant accounting framework and testing disclosures to supporting documentation. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business; and
- assessing the appropriateness of the revenue recognition policies against the requirements of the applicable accounting standards and testing the application of the policies for a sample of transactions.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Mair (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham UK
1 April 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Group statement of comprehensive income
For the financial year ended 31 December 2021

	Notes	**2021 £'000**	2020 £'000
Revenue	2	**29,647**	21,692
Cost of sales	3	**(10,602)**	(6,896)
Gross profit		**19,045**	14,796
Administrative expenses	3	**(9,705)**	(8,169)
Operating profit		**9,340**	6,627
Finance costs	5	**(211)**	(261)
Finance income	5	**167**	181
Other income	6	**—**	123
Profit before taxation		**9,296**	6,670
Taxation	7	**(1,912)**	(1,353)
Profit and total comprehensive income for the financial year		**7,384**	5,317
Profit for the year attributable to the equity holders of the parent company		**7,384**	5,317
Earnings per share attributable to equity holders of the parent company			
Basic	9	**20.4p**	15.1p
Diluted	9	**20.3p**	14.6p

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

Statements of financial position

As at 31 December 2021

	Notes	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Assets					
Non-current assets					
Intangible assets	10	**34,761**	29,942	**—**	—
Investments	11	**—**	—	**44,656**	40,354
Property, plant and equipment	13	**501**	511	**21**	37
Right-of-use assets	14	**699**	455	**—**	—
Trade and other receivables	15	**1,788**	1,970	**—**	—
		37,749	32,878	**44,677**	40,391
Current assets					
Trade and other receivables	15	**5,605**	5,063	**6,830**	6,839
Assets held for sale	16	**—**	591	**—**	—
Cash and cash equivalents	17	**7,413**	5,934	**5,144**	4,411
		13,018	11,588	**11,974**	11,250
Total assets		**50,767**	44,466	**56,651**	51,641
Liabilities					
Non-current liabilities					
Lease liabilities	14	**522**	289	**—**	—
Interest-bearing loans and borrowings	19	**7,867**	8,728	**7,867**	8,728
Deferred tax liability	24	**2,872**	1,446	**5**	5
		11,261	10,463	**7,872**	8,733
Current liabilities					
Trade and other payables	18	**4,526**	3,849	**565**	78
Lease liabilities	14	**191**	175	**—**	—
Interest-bearing loans and borrowings	19	**861**	861	**861**	861
Corporation tax liability		**281**	821	**—**	—
		5,859	5,706	**1,426**	939
Total liabilities		**17,120**	16,169	**9,298**	9,672
Total net assets		**33,647**	28,297	**47,353**	41,969
Equity					
Shareholders' equity					
Share capital	21	**373**	351	**373**	351
Share premium	21	**13,159**	12,150	**13,159**	12,150
Share-based payments reserve		**238**	968	**238**	968
Revaluation reserve		**162**	162	**(50)**	(50)
Merger reserve		**(5,774)**	(5,774)	**8,101**	8,101
Retained earnings		**25,489**	20,440	**25,532**	20,449
Total equity		**33,647**	28,297	**47,353**	41,969

The Company made a profit after tax in the year of £7,418,000 (2020: £5,904,000).

The financial statements on pages 51 to 77 were approved and authorised for issue by the Board on 1 April 2022 and signed on its behalf by:

Louise George
Chief Financial Officer
Registered number 07848163

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

Statements of changes in equity

For the financial year ended 31 December 2021

Group

	Notes	Share capital £'000	Share premium £'000	Share-based payments reserve £'000	Revaluation reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020		349	12,006	524	162	(5,774)	17,020	24,287
Changes in equity								
Issue of equity share capital	21	2	144	—	—	—	—	146
Share-based payments	27	—	—	444	—	—	—	444
Dividends	8	—	—	—	—	—	(1,897)	(1,897)
Transactions with owners		2	144	444	—	—	(1,897)	(1,307)
Profit and total comprehensive income for the financial year		—	—	—	—	—	5,317	5,317
Balance at 31 December 2020		351	12,150	968	162	(5,774)	20,440	28,297
Issue of equity share capital	21	22	1,009	—	—	—	—	1,031
Share-based payments	27	—	—	223	—	—	—	223
Transfer upon exercise or cancellation of share options		—	—	(953)	—	—	953	—
Dividends	8	—	—	—	—	—	(3,288)	(3,288)
Transactions with owners		22	1,009	(730)	—	—	(2,335)	(2,034)
Profit and total comprehensive income for the financial year		—	—	—	—	—	7,384	7,384
Balance at 31 December 2021		**373**	**13,159**	**238**	**162**	**(5,774)**	**25,489**	**33,647**

Company

	Notes	Share capital £'000	Share premium £'000	Share-based payments reserve £'000	Revaluation reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020		349	12,006	524	(50)	8,101	16,442	37,372
Changes in equity								
Issue of equity share capital	21	2	144	—	—	—	—	146
Share-based payments	27	—	—	444	—	—	—	444
Dividends	8	—	—	—	—	—	(1,897)	(1,897)
Transactions with owners		2	144	444	—	—	(1,897)	(1,307)
Profit and total comprehensive income for the financial year		—	—	—	—	—	5,904	5,904
Balance at 31 December 2020		351	12,150	968	(50)	8,101	20,449	41,969
Issue of equity share capital	21	22	1,009	—	—	—	—	1,031
Share-based payments	27	—	—	223	—	—	—	223
Transfer upon exercise or cancellation of share options		—	—	(953)	—	—	953	—
Dividends	8	—	—	—	—	—	(3,288)	(3,288)
Transactions with owners		22	1,009	(730)	—	—	(2,335)	(2,034)
Profit and total comprehensive income for the financial year		—	—	—	—	—	7,418	7,418
Balance at 31 December 2021		**373**	**13,159**	**238**	**(50)**	**8,101**	**25,532**	**47,353**

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

Statements of cash flows

For the financial year ended 31 December 2021

	Notes	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Operating activities					
Cash generated from/(used in) operating activities	22	**10,338**	8,198	**(851)**	(1,259)
Tax paid		**(1,782)**	(1,379)	**—**	—
Net cash flows generated from/(used in) operating activities		**8,556**	6,819	**(851)**	(1,259)
Investing activities					
Acquisitions net of cash acquired	25	**(4,374)**	(2,039)	**(4,078)**	—
Sale of assets held for sale	16	**591**	176	**—**	—
Deferred and contingent consideration		**—**	(37)	**—**	—
Capital expenditure on property, plant and equipment	13	**(101)**	(46)	**—**	(9)
Disposal of corporate offices		**—**	25	**—**	—
Franchisee loans granted		**(796)**	(653)	**—**	—
Loans repaid by franchisees		**1,015**	758	**—**	—
Finance income received	5	**167**	181	**—**	2
Sale of MAB shares	12	**—**	271	**—**	—
Dividends received	22	**—**	—	**9,000**	7,150
Net cash flows (used in)/generated from investing activities		**(3,498)**	(1,364)	**4,922**	7,143
Financing activities					
Proceeds from share issue	21	**1,031**	146	**1,031**	146
Loan repayments		**(890)**	(890)	**(890)**	(890)
Equity dividends paid	8	**(3,288)**	(1,897)	**(3,288)**	(1,897)
Lease payments	14	**(221)**	(205)	**—**	—
Finance costs		**(211)**	(261)	**(191)**	(244)
Net cash used in financing activities		**(3,579)**	(3,107)	**(3,338)**	(2,885)
Net change in cash and cash equivalents		**1,479**	2,348	**733**	2,999
Cash and cash equivalents at the beginning of the financial year		**5,934**	3,586	**4,411**	1,412
Cash and cash equivalents at the end of the financial year	17	**7,413**	5,934	**5,144**	4,411

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

Notes to the financial statements

For the financial year ended 31 December 2021

1 Accounting policies

General information

Belvoir Group PLC is the ultimate parent company of the Group, whose principal activity during the year under review was that of selling, supporting and training residential property franchises. The Group also operates a network of advisers who, through our franchise property networks, provide advice to our residential property clients.

Belvoir Group PLC, a public company limited by shares listed on AIM, is incorporated and domiciled in the United Kingdom.

Registered office

The address of the registered office and principal place of business of Belvoir Group PLC is The Old Courthouse, 60A London Road, Grantham, Lincolnshire NG31 6HR.

Basis of preparation

The Group and Company financial statements have been prepared under the historical cost convention with the exception of the freehold property which has been revalued and certain financial assets which are included at fair value through profit or loss. Being listed on AIM, the Company is required to present its consolidated financial statements in accordance with UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards (IFRS).

Going concern and Covid-19

The Group continues to operate from a sound financial platform and is strongly cash generative. The bank balance as at the date of this report is £8.3m. Whilst the Group continues to generate profit and cash, demonstrating excellent resilience despite the ongoing impact of the pandemic, the Board has nonetheless revisited its forecasts against a range of possible downside outcomes for the period to 31 December 2023. These include the possible impact on the economy of post-pandemic easing of restrictions; higher energy prices; increased tax and interest rates; and geo-political uncertainty both home and abroad on trading.

Sensitivities have been applied to the base case model to reflect minimal impact on lettings income and moderately lower levels of income from sales and mortgage activity but no reduction in headcount or other overheads and no change in terms of business with franchisees.

Under all reasonably foreseeable circumstances, the Board has concluded that the Group has adequate resources to continue in operational existence and to meet its financial obligations as they fall due, whilst operating within its bank covenants, in the period to 28 March 2023.

The final bank loan repayment of £7,868,000 is due on 28 March 2023. The base case forecasts indicate the cash to repay the loan will be available and other mitigating actions remain available to ensure cash is maximised in any reasonably foreseeable downside scenarios. However, the Group's growth ambitions, both organically and though acquisition, will require additional facilities if growth is not to be constrained. Negotiations to secure a new facility are expected to commence during 2022 and initial indications from the Group's bankers suggest that they are supportive, both in relation to extending the existing facilities or providing a new, larger facility.

In conclusion, the Board are satisfied that it remains appropriate to prepare these financial statements on a going concern basis and that no material uncertainties exist.

Standards adopted for the first time

One amendment to accounting standards impacting the Group that has been adopted in the annual financial statements for the year ended 31 December 2021 is the Interest Rate Benchmark Reform – IBOR "Phase 2" (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). This amendment is mandatorily effective for reporting periods beginning on or after 1 January 2021. The amendments provide relief to the Group in respect of certain loans (note 28) whose contractual terms are affected by interest rate benchmark reform. See the applicable notes for further details on how the amendments affected the Group.

Standards, amendments and interpretations to existing standards that are not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018–2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to the Conceptual Framework (Amendments to IFRS 3).

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

Notes to the financial statements continued

For the financial year ended 31 December 2021

1 Accounting policies continued

Standards, amendments and interpretations to existing standards that are not yet effective continued

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that "settlement" includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

In response to feedback and enquiries from stakeholders, in December 2020, the IFRS Interpretations Committee (IFRIC) issued a tentative agenda decision, analysing the applicability of the amendments to three scenarios. However, given the comments received and concerns raised on some aspects of the amendments, in April 2021, IFRIC decided not to finalise the agenda decision and referred the matter to the IASB. In its June 2021 meeting, the IASB tentatively decided to amend the requirements of IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group will assess the impact of the final amendments to IAS 1 on classification of its liabilities once they are issued by the IASB. The Group does not believe that the amendments to IAS 1, in their present form, will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument, and therefore, does not affect the classification of its convertible debt as a non-current liability.

Basis of consolidation

The Group financial statements include those of the parent company and its subsidiaries, drawn up to 31 December 2021. Subsidiaries are entities over which the Group obtains and exercises control through voting rights. Income, expenditure, unrealised gains and intra-Group balances arising from transactions within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

At the time of the IPO, the acquisition of the trading subsidiaries was achieved principally by way of share for share exchange and the difference between the par value of the shares issued and the fair value of the cost of investment was recorded as an addition to the merger reserve. The parent company statement of financial position shows a merger reserve of £8,101,000 and an investment of £12,450,000. On a Group basis, an accounting policy was adopted based on the pooling of interests method. Under this method, the financial statements of the parties to the combination are aggregated and presented as though the combining entities had always been part of the same group. The investment by Belvoir Group PLC in Belvoir Property Management (UK) Limited was eliminated and the difference between the fair value and nominal value of the shares was adjusted through the merger reserve in the Group statement of financial position.

Subsequent acquisitions of subsidiaries outside of common control business combinations are dealt with by the acquisition method. The acquisition method involves recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition.

Acquisitions which include an element of deferred consideration which is contingent on events after the acquisition date are recognised at the date of acquisition based on all information available at that date. Any subsequent changes to these amounts are recognised through the income statement.

Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of fair value of consideration transferred over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Acquisition-related transaction costs are recorded as an exceptional administrative expense in the Group statement of comprehensive income.

Goodwill is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill (where the fair value of the assets acquired exceeds the purchase price) is recognised immediately after the acquisition in the Group statement of comprehensive income.

Revenue recognition

Revenue represents income from management service fees (MSF), fees from the sale of franchise licences (initial franchise fees), commission on resales of franchise offices, fees generated from corporate-owned offices and commission receivable on financial services.

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 branding, training, 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.

Corporate-owned offices are those that are operated directly by the Group and not by franchisees. These corporate offices 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.

1 Accounting policies continued

Revenue recognition continued

Commission from financial services is recognised on amounts receivable on a weekly basis from the Mortgage Advice Bureau on policies written by Brook Financial Services Ltd. There is a clawback of the commission on the cancellation of the life policy within four years of taking out the policy. The commission income is therefore considered to represent variable consideration and the transaction price of commission income is determined by using the expected value method, such that revenue is recognised only to the extent that it is highly probable that there will not be a significant reversal of revenue recognised in future periods. The sum of the range of probabilities of clawback in different scenarios based on historical trends is used to calculate the extent to which the variable consideration is reduced and a refund liability is recognised in current liabilities.

Cost of sales

Costs attributable to cost of sales comprise amounts paid to advisers and introducer commission paid to companies in relation to financial services.

Dividend

Dividend income is recognised in the Company from its subsidiary companies when the right to receive payment is established.

Final dividends to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Intangible assets

In accordance with IFRS 3 Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group.

Amortisation charges are included in administrative expenses in the statement of comprehensive income. Amortisation is charged on intangibles with a finite life. Amortisation begins when the intangible asset is first available for use and is provided at rates calculated to write off the cost of each intangible asset over its expected useful life, as follows:

Trade names/brands	–	between 10 and 20 years
Customer relationships	–	15 years
Master franchise agreements	–	25 years

Acquired trade names are identified as separate intangible assets where they can be reliably measured by valuation of future cash flows. The trade names which have been identified separately are assessed as having a life reflecting their respective trading histories.

Acquired customer relationships are identified as a separate intangible asset as they are separable and can be reliably measured by valuation of future cash flows. This valuation also assesses the life of the particular relationship, which is reassessed annually.

Acquired franchise master agreements are identified as a separate intangible asset as they are separable and can be reliably measured by valuation of future cash flows. The life of the relationship is assessed annually. Master franchise agreements are being written off over a remaining life of 25 years as historical analyses show that, on average, 4% of franchises will change ownership p.a.

Subsequent to initial recognition, intangible assets are stated at deemed cost less accumulated amortisation and impairment charges.

Property, plant and equipment

Freehold land and buildings held at the date of transition to IFRS were measured at fair value, which became their deemed cost, and, going forward, these assets are carried at amortised cost, less accumulated depreciation and any provision for impairment. Other property, plant and equipment is stated at historical cost, less accumulated depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost or revaluation of an asset, less its estimated residual value, over the useful economic life of that asset, as follows:

Freehold land	–	not depreciated
Freehold property	–	2% straight line on cost
Fixtures and fittings	–	20% to 33% straight line on cost

Material residual value estimates and expected useful lives are updated as required.

The revaluation reserve reflects a revaluation of the freehold property to market value. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Leases

Right-of-use assets are stated at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental borrowing rate at commencement of the lease, less accumulated depreciation. Depreciation is calculated so as to write off the value of an asset over the lease term.

Notes to the financial statements continued

For the financial year ended 31 December 2021

1 Accounting policies continued

Leases continued

The lease liabilities associated with right-of-use assets are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental borrowing rate at commencement of the lease.

Low value and short-term leases have not been capitalised as right-of-use assets or recognised in the lease liability. The lease payments are charged to administrative expenses.

Impairment testing of goodwill, other intangible assets, and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash generating units). Typically, this will be at an acquired network or company level other than for certain corporate offices that have been brought back into the Group.

Goodwill is allocated to those cash generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the management monitors goodwill.

Cash generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash generating units are tested whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell, reflecting market conditions, and the value in use based on estimated future cash flows from each cash generating unit, discounted at a suitable rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Group's latest approved budgets, adjusted as necessary to exclude any future restructuring to which the Group is not yet committed.

Impairment losses for cash generating units reduce first the carrying value of any goodwill allocated to that cash generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. Impairment charges are included in operating costs in the statement of comprehensive income.

Assets held for sale

Assets are classified as held for sale as soon as they are made available for sale and completion is expected within twelve months from the date of classification.

The assets are held at the lower of their carrying value immediately before being classified as held for sale and the fair value less costs of disposal.

Investments

Investments in subsidiaries are stated at cost less provision for impairment.

Taxation

Current tax is the tax currently payable based on the taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences, at the tax rate that is substantively enacted at the balance sheet date. Deferred tax is generally provided on the difference between the carrying amount of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

Client money

The Group holds client monies on behalf of landlords in separate bank accounts that do not form part of the financial statements.

Financial assets

The classification of financial assets is based on the way a financial asset is managed and its contractual cash flow characteristics.

Financial assets are measured at amortised cost if both of the following conditions are met and the financial asset or liability is not designated as at fair value through profit and loss (FVTPL):

- the financial asset is held with the objective of collecting or remitting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1 Accounting policies continued

Financial assets continued

Neither the Group nor Company has any financial assets measured as fair value through other comprehensive income (FVOCI); the treatment of financial instruments measured at FVTPL is set out below.

The amortised cost of financial assets is reduced by impairment losses as described below. Interest income, impairments and gains or losses on derecognition are recognised through the statement of comprehensive income.

Financial assets are initially measured at fair value; trade receivables are held at their original invoiced value, as the interest that would be recognised from discounting future cash flows over the short credit period is not considered to be material.

Impairment losses against financial assets carried at amortised cost are recognised by reference to any expected credit losses against those assets. The simplified approach for calculating impairment of financial assets has been used for trade receivables. Lifetime expected credit losses are calculated by considering, on a discounted basis, the cash shortfalls that would be incurred in various default scenarios over the remaining lives of the assets and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes. The loans to franchisees policy below sets out the impairment rules applied to them.

Cash and cash equivalents

Cash and cash equivalents are defined as cash balances in hand and in the bank including short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Loans to franchisees

Impairment provisions against loans to franchisees are recognised based on an expected credit loss model. The methodology used to determine the amount of provision is based on whether there has been a significant increase in credit risk since initial recognition of these financial assets and is calculated by considering the cash shortfalls that would be incurred and probability of these cash shortfalls using the Group's model. Where a significant increase in credit risk is identified, lifetime expected credit losses are recognised; alternatively, if there has not been a significant increase in credit risk, a twelve-month expected credit loss is recognised. Such provisions are recorded in a separate allowance account with the loss being recognised within operating expenses in the statement of comprehensive income. On confirmation that the franchisee loan will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Other debtors

The Group recognises amounts withheld by Mortgage Advice Bureau from weekly commission payments in respect of unearned indemnity commission as a financial asset. This financial asset has no credit terms and management assesses that the credit risk and probability of default are low. As such no provision for impairment is made.

On a weekly basis the estimated clawback of commission recoverable from our advisers arising on the cancellation of life assurance policies within four years of inception is accounted for within other debtors. An assessment is made on the recoverability of these amounts and the Board has determined the expected credit loss within twelve months to be insignificant.

Amounts owed by Group undertakings

Amounts due from Group undertakings represent dividends due from the subsidiary at the year end and interest-free loans which are repayable on demand. In assessing the expected credit loss, the general approach has been applied. The subsidiary has resources to repay the amount outstanding at the year end on demand and as such the probability of default is considered to be very low and any expected credit loss is insignificant. There has been no change in credit risk since initial recognition.

Financial liabilities

Financial liabilities comprise trade payables, borrowings, lease liabilities and other short-term monetary liabilities, which are initially recognised at fair value net of transaction costs and subsequently carried at amortised cost using the effective interest method.

Refund liability

As there is a potential for clawback on financial services commissions, revenue is constrained such that it is recognised only to the extent that it is highly probable that it will not reverse in future periods. The refund liability is recognised for indemnity commission if the highly probable test for revenue recognition has not been met. The refund liability is made against new written policies on a weekly basis to reflect the estimated clawback by Mortgage Advice Bureau (Holdings) plc. These clawbacks arise on the cancellation of life assurance policies within four years following inception.

Share-based employee remuneration

The Group operates an Enterprise Management Incentive (EMI) scheme and a Company Share Option Plan (CSOP) and issues equity-settled share-based payments to certain Executive Directors and employees. The Group also operates the Belvoir Group Performance Share Plan 2017 to incentivise, retain and reward key Executive Directors and the Senior Management Team.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value so determined is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. The level of vesting is reviewed annually, and the charge is adjusted to reflect actual and estimated levels of vesting.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options. The estimate of the fair value of the services received is measured based on the Black Scholes option pricing model. This model takes into account the following variables: exercise price, share price at date of grant, expected term, expected share price volatility, risk-free interest rate and expected dividend yield. Expected volatility is estimated by considering historical average share price volatility.

Notes to the financial statements continued

For the financial year ended 31 December 2021

1 Accounting policies continued

Share-based employee remuneration continued

Belvoir Group PLC has the obligation to settle the share-based payment transaction and as such recognises the award to employees of Belvoir Property Management (UK) Limited as an equity-settled transaction. Belvoir Group PLC does not have a direct investment in Belvoir Property Management (UK) Limited. However, to reflect the substance of the transaction, Belvoir Group PLC has recognised an investment in Belvoir Property Management (UK) Limited with a corresponding equity reserve. This investment is tested for impairment annually.

Equity

Equity comprises the following:

- share capital represents the nominal value of equity shares;
- share premium represents the excess over nominal value of the fair value of consideration received for shares, net of expenses of the share issue;
- share-based payments reserve represents the reserve arising from the fair value of the share options charge;
- revaluation reserve represents the accumulated net surplus on revaluation of freehold property;
- merger reserve represents the reserve arising in the Group and Company accounts following the application of merger accounting in the treatment of the reorganisation and flotation of the Group and Company; and
- retained earnings represent retained profits and losses.

Significant judgements and key sources of estimation uncertainty

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Significant judgements

Acquisition accounting

On acquisition the assets and liabilities acquired are assessed to determine the separable intangibles acquired and the fair value to be recognised on consolidation. The fair value of customer relationships, brands and Master Franchise Agreements is recognised on each individual acquisition and requires the exercise of management judgement in each case to identify relevant assets. The assessment is based on management's knowledge of the sector and of the operating characteristics of the business acquired.

Key sources of estimation uncertainty

Carrying value of intangible assets

The carrying value of intangibles is subject to impairment review. In the current year intangible assets have been tested for impairment based on the Board approved cash forecast for the next five years which includes a sales growth rate and gross margin estimates.

The discount rate used to derive the present value of the cash flow is based on a WACC analysis which takes into account estimates of the risk-free rate, equity risk premium and company size premium. Further detail is given in note 10, which includes sensitivity analysis performed on management's estimates.

Carrying value of investments

The carrying value of investments in subsidiaries requires the exercise of management judgement in each case. This is assessed for impairment against the discounted cash flow for each cash generating unit based on management's estimates of growth and discount rates. Potential impairment of carrying values or changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of comprehensive income in specific periods. Further details on the movement on investments are presented in note 11.

Useful lives

Customer relationships, master franchise agreements and brands are amortised over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue. Changes to the useful life would increase or decrease the level of amortisation charged to the income statement in the year.

Recoverability of franchise debtors

The recoverability of loans to franchisees is assessed by management by assessing the credit risk of each loan. A Board approved model is used to determine if there has been a significant increase in credit risk by comparing the carrying value of the loan to the underlying valuation of the franchisee using a revenue multiple and an assessment of current trading performance. The multiple is determined by historical data.

1 Accounting policies continued

Key sources of estimation uncertainty continued

Refund liability

The liability relates to the estimated value of repaying commission received upfront on life assurance policies that may lapse in a period of up to four years following inception. The potential liability for unearned indemnity commission is assessed by management based on an estimation of the level of policy cancellation and the associated clawback of commission. The estimate is based on historical trends of cancellation in different scenarios and the liability is calculated as the sum of the range of probabilities of clawback in the different scenarios.

2 Segmental information

The Executive Committee of the Board, as the chief operating decision maker, reviews financial information for and makes decisions about the Group's overall business. In the year ended 31 December 2021 the Board identified two operating segments, that of franchisor of property agents and property-related financial services.

The Directors consider gross profit as the key performance measure. The reported segments are consistent with the Group's internal reporting for performance measurement and resource allocation.

Management does not report on a geographical basis and no customer represents greater than 10% of total revenue in either of the periods reported. The Directors believe there to be: three material property franchise income streams, which are management service fees, revenue from corporate-owned offices and fees on the sale or resale of franchise territory fees; and one material financial services income stream, which is commission receivable on financial services. These revenue streams are split as follows:

	Lettings		Property sales		Total revenue	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Management service fees	**8,227**	7,467	**2,483**	1,589	**10,710**	9,056
Corporate-owned offices	**2,431**	1,360	**1,200**	890	**3,631**	2,250
	10,658	8,827	**3,683**	2,479	**14,341**	11,306
Initial franchise fees and other resale commissions					**314**	242
Other income					**555**	449
Property franchise division					**15,210**	11,997
Financial services division					**14,437**	9,695
Total revenue					**29,647**	21,692

Revenue from corporate-owned offices of £3,631,000 (2020: £2,250,000) includes £14,000 (2020: £933,000) relating to one Lovelle corporate-owned office (2020: five Lovelle corporate-owned offices and the Northwood Glossop portfolio) that was held as an asset for sale pending being franchised out. This comprises £14,000 (2020: £578,000) of lettings revenue and £nil (2020: £355,000) of sales revenue.

Gross profit for the two divisions is split as follows:

	Gross profit	
	2021 £'000	2020 £'000
Property franchise division	**15,210**	11,997
Financial services division	**3,835**	2,799
Total gross profit	**19,045**	14,796

Profit for the financial year

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The profit on ordinary activities after taxation of the Company for the year was £7,418,000 (2020: £5,904,000).

Notes to the financial statements continued

For the financial year ended 31 December 2021

3 Cost of sales and administrative expenses

Group

Cost of sales and administrative expenses (non-exceptional) by nature:

	2021 £'000	2020 £'000
Staff costs	7,361	6,191
Depreciation of property, plant and equipment and right-of-use assets	341	318
Amortisation of intangible assets	626	525
Marketing	336	298
Auditor's remuneration:		
– Fees payable to the Company's auditor for the audit of the Company's annual accounts	79	66
– Tax compliance services	15	12
Other cost of sales and administrative expenses	11,549	7,655
	20,307	15,065

4 Directors and employees

Group

Staff costs (including Directors)

	2021 £'000	2020 £'000
Wages and salaries	6,131	4,768
Social security costs	840	750
Pension costs	167	229
Share-based payment charge	223	444
	7,361	6,191
The average monthly number of employees during the year was as follows:		
Management and administration	178	137

Key management personnel is defined as the Directors of the Group.

The Company has no employees.

Directors' remuneration

	2021 £'000	2020 £'000
Directors' emoluments	818	873
Social security costs	107	112
Share-based payment charge	183	419
Other pension costs	42	42
	1,150	1,446
Executive Directors	1,052	1,350
Non-Executive Directors	98	96
	1,150	1,446

The highest paid Director received remuneration of £344,000 (2020: £354,000).

5 Finance income and costs

Group

Finance costs

	2021 £'000	2020 £'000
Bank interest	**191**	244
Interest on right-of-use assets	**20**	17
	211	261

Finance income

	2021 £'000	2020 £'000
Deposit account interest	**—**	5
Interest on franchisee loans	**167**	176
	167	181

6 Other income

Group

Financial asset

	2021 £'000	2020 £'000
Share options in Mortgage Advice Bureau (Holdings) plc	**—**	123

In 2020 other income relates to the gain on the sale of shares in Mortgage Advice Bureau (Holdings) plc (MAB) sold on 7 September 2020. This is reported on further in note 12.

7 Taxation

Group

	2021 £'000	2020 £'000
UK corporation tax at 19% (2020: 19%)		
Current taxation on profits for the year	**1,138**	1,499
Adjustments in respect of prior years	**11**	(3)
Deferred taxation origination and reversal of temporary differences	**305**	(284)
Impact of change in tax rate	**458**	141
Total tax charge in the statement of comprehensive income	**1,912**	1,353

Factors affecting the tax charge for the year:

	2021 £'000	2020 £'000
Profit before taxation	**9,296**	6,670
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	**1,766**	1,267
Tax effects of:		
– Expenses not deductible for tax purposes	**184**	68
– Adjustment in respect of prior years	**11**	(3)
– Remeasurement of deferred tax liability	**458**	141
– Net difference between the deferred tax asset release and the corporation tax deduction on exercise of share options	**(507)**	(171)
– Capital gains chargeable to corporation tax	**—**	51
Total tax charge in the statement of comprehensive income	**1,912**	1,353

The March 2021 Budget commitment to increase corporation tax to 25% with effect from April 2023 was substantially enacted in May 2021. As a result, deferred tax balances expected to reverse after April 2023 have been remeasured at 25%.

Notes to the financial statements continued

For the financial year ended 31 December 2021

8 Dividends

Group

	2021 £'000	2020 £'000
Final dividend for 2020		
5.1p per share paid 16 June 2021 (2020: £nil)	**1,796**	—
Interim dividend for 2021		
4.0p per share paid 29 October 2021 (2020: 5.4p per share paid 30 October 2020)	**1,492**	1,897
Total dividend paid	**3,288**	1,897

The Directors propose a final dividend of 4.5p per share totalling £1,678,000 for 2021, payable 30 May 2022, to shareholders on the register on 19 April 2021. As this remains conditional on shareholders' approval, provision has not been made in these financial statements.

9 Earnings per share

Group

Earnings per share is calculated by dividing the profit for the financial year by the weighted average number of ordinary shares in issue during the year. Options over ordinary shares and rights of conversion are described in note 27. The calculation of diluted earnings per share is derived from earnings per share, adjusted to allow for the issue of shares under these instruments.

	2021 £'000	2020 £'000
Profit for the financial year	**7,384**	5,317

Weighted average number of ordinary shares	Number	Number
Basic	**36,142**	35,101
Diluted	**36,434**	36,314

Earnings per share	Pence	Pence
Basic	**20.4p**	15.1p
Diluted	**20.3p**	14.6p

10 Intangible assets

Group

	Brand £'000	Goodwill £'000	Master franchise agreements £'000	Customer relationships £'000	Total £'000
Gross carrying amount					
At 1 January 2020	551	19,600	9,832	1,233	31,216
Additions (note 25)	32	589	763	39	1,423
Disposals	—	—	—	(40)	(40)
At 31 December 2020	583	20,189	10,595	1,232	32,599
Additions (note 25)	211	2,937	373	1,924	5,445
At 31 December 2021	**794**	**23,126**	**10,968**	**3,156**	**38,044**
Amortisation and impairment					
At 1 January 2020	108	—	1,519	520	2,147
Amortisation for the year	31	—	447	47	525
Disposals	—	—	—	(15)	(15)
At 31 December 2020	139	—	1,966	552	2,657
Amortisation for the year	41	—	440	145	626
At 31 December 2021	**180**	**—**	**2,406**	**697**	**3,283**
Net book value					
At 31 December 2021	**614**	**23,126**	**8,562**	**2,459**	**34,761**
At 31 December 2020	444	20,189	8,629	680	29,942

10 Intangible assets continued

Group continued

On 31 March 2021 Belvoir Group PLC acquired White Kite Holdings 2021 Limited, a network of 17 franchised estate agencies and three corporate-owned estate and lettings agencies, which trades as Nicholas Humphreys. This transaction gave rise to additional goodwill of £2,302,000.

The fair values determined on acquisition of the customer relationships, master franchise agreement and brand arising from the Nicholas Humphreys network are based on actual cash flows to 31 December 2021. Thereafter, projected revenue growth was assumed to be 2% over the valuation period. The cash flows arising were adjusted for attrition rates ranging between 5% and 25% and discounted by the Group's weighted average cost of capital.

On 29 July 2021 Brook Financial Services Ltd, a wholly owned subsidiary, acquired Nottingham Mortgages Services Limited, the mortgage advisory business operated by the Nottingham Building Society. Renamed Brook Mortgage Services Limited (BMS) on completion, the mortgage business acquired operated a team of 27 advisers and administrators servicing The Nottingham's branch members. This transaction gave rise to additional goodwill of £537,000.

On 31 December 2021 the assets and trade of BMS were hived up into Brook Financial Services Ltd, leaving BMS dormant.

Four London-based Belvoir territories came under corporate ownership with effect from 22 October 2021 giving rise to £98,000 of goodwill.

Goodwill is deemed to have an indefinite useful life. It is currently carried at cost and tested annually for impairment by reference to the value of the relevant cash generating units (CGUs) to their recoverable amount. The Group has defined its key CGUs as Northwood, Newton Fallowell, Lovelle, Brook (incorporating BMS), Nicholas Humphreys and corporate-owned Belvoir offices. Where the recoverable amount is less than the carrying value, an impairment arises. During the year, goodwill was tested for impairment, with no impairment charge arising.

	At 31 December 2020 £'000	Additions £'000	**At 31 December 2021 £'000**
Newton Fallowell	5,869	—	**5,869**
Lovelle	589	—	**589**
Northwood	8,373	—	**8,373**
Brook (incorporating BMS)	5,210	537	**5,747**
Nicholas Humphreys	—	2,302	**2,302**
Corporate-owned Belvoir offices	148	98	**246**
Total	20,189	2,937	**23,126**

The recoverable amount of all CGUs has been determined based on a value in use calculation. These calculations use pre-tax cash flow projections over a period of five years, using Board approved budgets for the period to 31 December 2022, followed by an annual growth rate of 2% followed by a terminal growth rate of 2% (2020: 2%), discounted at a pre-tax discount rate of 16.6% (2020: 12%) equivalent to the Group's weighted average cost of capital.

The Directors do not consider goodwill to be impaired. The Directors believe that no reasonable possible change in assumptions, based on facts and circumstances in place at the year-end date, will cause the value in use to fall below the carrying value and hence impair the goodwill.

Notes to the financial statements continued

For the financial year ended 31 December 2021

11 Investments

Investments in subsidiaries

	Company £'000
Cost	
At 1 January 2020	39,910
Additions	444
At 31 December 2020	40,354
Additions	4,302
At 31 December 2021	**44,656**
Provision for impairment	
At 1 January 2020, 31 December 2020 and 31 December 2021	—
Net book value	
At 31 December 2021	**44,656**
At 31 December 2020	40,354

On 31 March 2021 the Company acquired 100% of the share capital of White Kite Holdings 2021 Limited for £4,078,000.

The remaining addition of £223,000 (2020: £444,000) related to the obligation to settle the share-based remuneration awarded to employees of Belvoir Property Management (UK) Limited.

On 31 December 2021 the assets and trade of Brook Mortgage Services Ltd were transferred to Brook Financial Services Ltd, at which point Brook Mortgage Services Limited became dormant.

As at 31 December 2021 the Company owned 100% of the ordinary share capital and voting rights of the following companies:

Subsidiary	Country of incorporation	Company number	Principal activity
Belvoir Property Management (UK) Limited[5]	England and Wales	3141281	Property sales and lettings franchising
Newton Fallowell Limited[5]	England and Wales	5372232	Property sales and lettings franchising
Northwood GB Limited[5]	England and Wales	3570861	Property sales and lettings franchising
Brook Financial Services Ltd[5]	England and Wales	7311674	Financial services
Brook Mortgage Services Limited[1,5]	England and Wales	03089887	Financial services
White Kite Holdings 2021 Limited[5]	England and Wales	13208817	Holding company
White Kite Ltd[4,5]	England and Wales	4545088	Property sales and lettings franchising
Nicholas Humphreys Franchise Limited[4]	England and Wales	04582891	Dormant
MAB (Gloucester) Limited[1]	England and Wales	09668913	Dormant
Purely Mortgage Consultants Limited[1]	England and Wales	6521922	Dormant
Goodchilds Estate Agents & Lettings Limited	England and Wales	05249161	Dormant
Claygold Property Limited[2]	England and Wales	02649237	Dormant
Redwoods Estate Agents Limited[2]	England and Wales	03416122	Dormant
Uplong Ltd[3]	England and Wales	05816728	Dormant
Newton & Derry Limited[3]	England and Wales	3695733	Dormant

1. Subsidiary of Brook Financial Services Ltd.
2. Subsidiary of Belvoir Property Management (UK) Limited.
3. Subsidiary of Newton Fallowell Limited.
4. Subsidiary of White Kite Holdings 2021 Limited.
5. The Company has agreed to guarantee the liabilities of its trading subsidiaries, thereby allowing them to take exemption from an audit under Section 479A of the Companies Act 2006.

The registered office address for all subsidiary companies is the same as for the parent company (see note 1).

The carrying value of the investments has been considered for impairment and the Directors believe that the carrying value is supportable.

12 Financial assets

Financial assets at fair value through profit or loss

	Group £'000
Cost	
At 1 January 2020	159
Disposal – share options in Mortgage Advice Bureau (Holdings) plc	(159)
At 31 December 2020 and 31 December 2021	**—**
Provision for impairment	
At 1 January 2020, 31 December 2020 and 31 December 2021	—
Net book value	
At 1 January 2020	159
Disposal – share options in Mortgage Advice Bureau (Holdings) plc	(159)
At 31 December 2020 and 31 December 2021	**—**

Financial assets at fair value through profit or loss comprised 40,000 share options in Mortgage Advice Bureau (Holdings) plc ("MAB options") which vested in May 2020 at 1p per share and were sold on 7 September 2020 at £6.80 per share. The net proceeds were £271,000 and the gain of £123,000 on disposal was recognised in 2020 as other income.

13 Property, plant and equipment

	Group				Company
	Freehold land £'000	Freehold property £'000	Fixtures and fittings £'000	Total £'000	Fixtures and fittings £'000
Cost					
At 1 January 2020	150	235	1,179	1,564	81
Additions	—	—	46	46	9
At 31 December 2020	150	235	1,225	1,610	90
Additions	—	—	101	101	—
At 31 December 2021	**150**	**235**	**1,326**	**1,711**	**90**
Accumulated depreciation					
At 1 January 2020	—	54	917	971	37
Charge for the year	—	5	123	128	16
At 31 December 2020	—	59	1,040	1,099	53
Charge for the year	—	5	106	111	16
At 31 December 2021	**—**	**64**	**1,146**	**1,210**	**69**
Net book value					
At 31 December 2021	**150**	**171**	**180**	**501**	**21**
At 31 December 2020	150	176	185	511	37

Notes to the financial statements continued

For the financial year ended 31 December 2021

14 Leases

Right-of-use assets

	Group			
	Property £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
At 1 January 2020	475	140	1	616
Additions	—	27	5	32
Amortisation	(110)	(81)	(2)	(193)
At 31 December 2020	365	86	4	455
Additions	423	65	—	488
Disposals	—	(14)	—	(14)
Amortisation	(152)	(77)	(1)	(230)
At 31 December 2021	**636**	**60**	**3**	**699**

Lease liabilities

	Group			
	Property £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
At 1 January 2020	482	137	1	620
Additions	—	27	5	32
Interest expense	13	4	—	17
Lease payments	(120)	(83)	(2)	(205)
At 31 December 2020	375	85	4	464
Additions	423	65	—	488
Disposals	—	(18)	—	(18)
Interest expense	17	3	—	20
Lease payments	(164)	(75)	(2)	(241)
At 31 December 2021	**651**	**60**	**2**	**713**

Maturity of lease liabilities

	Group				
	Up to 6 months £'000	6–12 months £'000	1–5 years £'000	Over 5 years £'000	Total £'000
At 31 December 2021	**101**	**90**	**436**	**86**	**713**
At 31 December 2020	91	84	289	—	464

15 Trade and other receivables

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Current				
Trade receivables	**1,616**	1,601	**—**	—
Loans to franchisees	**805**	1,020	**—**	—
Other debtors	**2,300**	1,856	**—**	—
Prepayments	**405**	202	**59**	44
Accrued income	**479**	384	**—**	—
Amounts owed by Group undertakings	**—**	—	**6,771**	6,795
	5,605	5,063	**6,830**	6,839
Non-current				
Loans to franchisees	**1,788**	1,970	**—**	—

15 Trade and other receivables continued

As at 31 December 2021 trade receivables of £1,460,000 (2020: £1,438,000) were not due. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macro-economic factors affecting the Group's customers and isolated items not deemed to be indicative of future credit losses. Trade receivables are collected using direct debit and historical credit losses are immaterial. At 31 December 2021 the Group has recognised a lifetime expected credit loss of £32,000 (2020: £36,000).

At the year end £26,000 (2020: £45,000) of the franchise loan repayments were past the due date. Loans to franchisees are spread across varying terms. In determining the lifetime expected credit losses, the Board considers the recoverability of indebtedness from franchisees. There have been no changes to the estimation techniques or the significant assumptions made during the financial year. The recoverable amount is assessed by management as being the average of the multiples paid in acquiring portfolios during the year on behalf of our franchisees under our assisted acquisitions programme. Where relevant, forward-looking information has been incorporated into management's assessment. The franchisee indebtedness risk profile has been assessed as follows:

- lower risk: loans where recoverable amounts are higher than indebtedness and the probability of default is considered less than 1%, the impact of which would not be material; and
- higher risk (significant increase in credit risk): loans where recoverable amounts are lower than indebtedness.

During the year the lifetime expected credit loss on franchisee indebtedness was increased by £119,000 (2020: £68,000).

	Group	
	2021 £'000	2020 £'000
Lower risk gross carrying value amount	**2,315**	2,511
Loss provision	**—**	—
Lower risk net carrying value amount	**2,315**	2,511
Higher risk gross carrying value amount	**291**	731
Loss provision:		
At 1 January	**(252)**	(418)
Utilised during the year	**358**	234
Increase in provision during the year	**(119)**	(68)
At 31 December	**(13)**	(252)
Higher risk net carrying value amount	**278**	479
Total net carrying value amount	**2,593**	2,990

Included within other debtors is £576,000 (2020: £461,000) due from advisers relating to commissions that are refundable to the Group when a life policy is cancelled within 48 months of the policy being written. As these balances have no credit terms, they can be recovered directly from subsequent new business entered into with the financial adviser.

Amounts owed by Group undertakings are due on demand and interest free. In assessing the expected credit loss, the general approach has been applied. Based upon historical performance and forward-looking factors, the subsidiary has resources to repay the amount outstanding at the year end; as such the probability of default is considered to be very low and any expected credit loss is insignificant. There has been no change in credit risk since initial recognition.

Notes to the financial statements continued

For the financial year ended 31 December 2021

16 Assets held for sale

Group

	Total £'000
At 1 January 2020	—
Additions	767
Disposals	(176)
At 31 December 2020	591
Disposals	(591)
At 31 December 2021	**—**

The acquisition of Lovelle in January 2020 included five corporate-owned offices that have been held for resale. During 2020 the Horncastle office was franchised to the adjacent Newton Fallowell franchisee and Hessle, Skegness and Grimsby Sales were franchised to the respective branch managers. Total consideration was £176,000 in respect of these disposals. On 15 January 2021, the remaining Grimsby Lettings office was franchised to the branch manager for £591,000. The trading results from these offices in 2020 were reported separately from continuing operations on the face of the Group statement of comprehensive income. Given the insignificant amount represented by the Grimsby Lettings office trading results for the first two weeks of 2021, these have not been reported separately.

17 Cash and cash equivalents

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Cash and cash equivalents	**7,413**	5,934	**5,144**	4,411

18 Trade and other payables

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Current				
Trade payables	**808**	632	**4**	9
Refund liability	**1,548**	1,293	**—**	—
Other taxes and social security	**664**	766	**24**	—
Accruals	**957**	924	**74**	68
Deferred income	**123**	18	**—**	—
Other creditors	**426**	216	**7**	—
Amounts owed to Group undertakings	**—**	—	**456**	1
	4,526	3,849	**565**	78

19 Borrowings

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Current				
Bank loans – term loan	**861**	861	**861**	861
Long term				
Bank loans – term loan	**7,867**	8,728	**7,867**	8,728
	8,728	9,589	**8,728**	9,589

All current amounts are short term and their carrying values are considered reasonable approximations of fair value.

20 Maturity of borrowings

	2021 £'000	2020 £'000
Group and Company		
Repayable in less than six months	**519**	528
Repayable in seven to twelve months	**514**	523
Current portion of long-term borrowings	**1,033**	1,051
Repayable in years one to five	**7,906**	8,939
Total borrowings	**8,939**	9,990
Less: interest included	**(211)**	(401)
Total debt	**8,728**	9,589
Less: cash and cash equivalents	**(7,413)**	(5,934)
Net debt	**1,315**	3,655

Borrowings comprise a term loan of £8,764,000 (2020: £9,654,000) secured by a fixed and floating charge over the Group assets which is repayable in half yearly instalments of £445,000 from June 2022 with a final payment of £7,868,000 in March 2023 and bears interest at 1.95% over the Bank of England base rate. The arrangement fee of £144,000 is being amortised over the life of the loan, which gave rise to a charge to the profit and loss account of £29,000 (2020: £29,000). All bank covenants were complied with throughout the year.

21 Called up share capital

	2021		2020	
	Number	**£'000**	Number	£'000
Group and Company				
Allotted, issued and fully paid				
Ordinary shares of 1p each	**37,292,113**	**373**	35,122,005	351

	Group and Company Number	Nominal share capital £'000	Share premium £'000
At 1 January 2020	34,938,606	349	12,006
Issue of shares during the year:			
23 January 2020 – share price 75p	163,399	2	121
10 September 2020 – share price 116p	20,000	—	23
	183,339	2	144
At 31 December 2020	35,122,005	351	12,150
Issue of shares during the year:			
8 January 2021 – share price 98p	30,612	—	30
15 January 2021 – share price 98p	61,224	1	59
11 March 2021 – share price 98p	12,000	—	12
10 June 2021 – share price 1p	687,709	7	—
10 June 2021 – share price 132p	260,000	3	341
10 June 2021 – share price 98p	57,612	1	56
13 July 2021 – share price 132p	60,000	1	79
13 July 2021 – share price 116p	20,000	—	23
13 July 2021 – share price 98p	10,000	—	9
15 July 2021 – share price 98p	30,612	—	30
11 August 2021 – share price 98p	10,000	—	10
9 September 2021 – share price 132p	235,000	2	307
9 September 2021 – share price 116p	20,000	—	23
9 September 2021 – share price 98p	30,612	—	30
9 September 2021 – share price 1p	644,727	7	—
	2,170,108	22	1,009
At 31 December 2021	**37,292,113**	**373**	**13,159**

Notes to the financial statements continued

For the financial year ended 31 December 2021

22 Reconciliation of profit before taxation to cash generated from operations

Group

	2021 £'000	2020 £'000
Profit before taxation	**9,296**	6,670
Depreciation and amortisation charges	**967**	843
Share-based payment charge	**223**	444
Impairment of franchisee loan book	**85**	68
Amortisation of debt costs	**29**	29
Finance costs	**191**	244
Interest paid on lease liabilities	**20**	17
Finance income	**(167)**	(181)
MAB share option recognition and related income	**—**	(112)
	10,644	8,022
Increase in trade and other receivables	**(186)**	(569)
Increase in trade and other payables	**(120)**	745
Cash generated from operations	**10,338**	8,198

Company

	2021 £'000	2020 £'000
Profit before taxation	**7,418**	5,901
Dividend received	**(9,000)**	(7,150)
Amortisation of debt costs	**29**	29
Finance income	**—**	(2)
Finance costs	**191**	244
Depreciation and amortisation charges	**16**	17
	(1,346)	(961)
Decrease/(increase) in trade and other receivables	**9**	(110)
Increase/(decrease) in trade and other payables	**486**	(188)
Cash used in operations	**(851)**	(1,259)

23 Financial instruments

Capital management policy

The Group manages its capital to ensure its operations are adequately provided for as described below. The principal risks faced by the Group are detailed on pages 32 and 33. The Group's objective when managing capital is to safeguard its ability to continue as a going concern and so provide increasing shareholder value. The Group is meeting this objective through a combination of underlying organic growth and targeted growth by acquisition, which will generate regular and increasing returns to shareholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to the shareholders comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

Financial instruments – risk management

The Group is exposed through its operations to the following financial risks:

- interest rate risk;
- credit risk; and
- liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

23 Financial instruments continued

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are included in the summary below.

Summary of financial assets and financial liabilities by category:

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Financial assets				
Trade receivables	**1,616**	1,601	**—**	—
Other receivables	**3,989**	2,240	**6,771**	6,795
Loans to franchisees	**805**	1,020	**—**	—
Cash and cash equivalents	**7,413**	5,934	**5,144**	4,411
	13,823	10,795	**11,915**	11,206

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Financial liabilities				
Trade payables	**808**	632	**4**	9
Refund liability	**1,548**	1,293	**—**	—
Loans and borrowings	**8,728**	9,589	**8,728**	9,589
Other creditors	**426**	216	**—**	—
Lease liabilities	**713**	464	**—**	—
	12,223	12,194	**8,732**	9,598
Maturity analysis of financial liabilities:				
In less than one year				
Trade payables	**808**	632	**4**	9
Refund liability	**1,548**	1,293	**—**	—
Loans and borrowings	**861**	861	**861**	861
Other creditors	**426**	216	**—**	—
Lease liabilities	**191**	175	**—**	—
	3,834	3,177	**865**	870
In more than one year				
Lease liabilities	**522**	289	**—**	—
Long-term borrowings	**7,867**	8,728	**7,867**	8,728
	8,389	9,017	**7,867**	8,728

All of the financial assets and liabilities above are carried in the statement of financial position at amortised cost. The above amounts reflect the contractual undiscounted cash flows, including future interest charges, which may differ from carrying values of the liabilities at the reporting date.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Interest rate risk

Interest rate risk arises from the Group's management of interest-bearing assets and liabilities.

The Group does not use hedging products to manage interest rate risk but uses treasury products for deposits until such time as required for acquisitions as part of the Group's acquisition strategy.

Notes to the financial statements continued

For the financial year ended 31 December 2021

23 Financial instruments continued

Credit risk

Credit risk is the risk of financial loss to the Group if a franchisee or a counterparty to a financial instrument fails to meet its contractual obligations. It is Group policy to assess the credit risk of new franchisees before entering contracts.

The highest risk exposure is in relation to loans to franchises and their ability to service their debt. The Directors have established a credit policy under which each new franchisee is analysed individually for creditworthiness before a franchise is offered. The Company's review includes external ratings, when available, and in some cases bank references. The Group does not consider that it has a significant concentration of credit risk.

The credit risk for liquid funds and other short-term financial assets is considered small. The substantial majority of these assets are deposited with HSBC.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group monitors forecast cash inflows and outflows on a monthly basis.

Fair values of financial instruments

Financial assets and liabilities are carried at amortised cost which equates to fair value. The Group's management assessed that the fair values of cash, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

24 Deferred taxation

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Balance at 1 January	**1,446**	1,440	**5**	7
Acquisition in the year – attributable to intangible assets	**631**	151	**—**	—
Charged/(credited) to the income statement	**795**	(145)	**—**	(2)
Balance at 31 December	**2,872**	1,446	**5**	5
Deferred taxation has been provided as follows:				
Attributable to intangible assets	**2,862**	1,836	**—**	—
Accelerated capital allowances	**120**	46	**5**	5
Recognition of deferred tax asset short-term timing differences	**(110)**	(436)	**—**	—
	2,872	1,446	**5**	5

The March 2021 Budget commitment to increase corporation tax to 25% with effect from April 2023 was substantially enacted in May 2021. As a result, deferred tax balances expected to reverse after April 2023 have been remeasured at 25%. There are no temporary differences for which deferred tax balances are unrecognised.

25 Acquisitions

Belvoir Group PLC acquired White Kite Holdings 2021 Limited on 31 March 2021, for cash consideration of £4,078,000. White Kite trades as Nicholas Humphreys, a network of 17 franchised estate agencies and three corporate-owned estate and lettings agencies.

Brook Financial Services Ltd acquired Nottingham Mortgages Services Limited, the mortgage business operated by the Nottingham Building Society ("The Nottingham" or "NBS") for cash consideration of £730,000. Renamed Brook Mortgage Services on completion, the mortgage business acquired operated a team of 27 advisers and administrators servicing The Nottingham's branch members.

For both acquisitions, the goodwill represents the value attributable to the new businesses and the assembled and trained workforce.

Deferred tax at 25% has been provided on the value of the separable intangible assets. In respect of White Kite, initial deferred tax liability has been recognised on the customer relationships, brand and master franchise agreement acquired which is reduced subsequently in line with the amortisation period. Whilst the initial book value of goodwill is higher than the tax base, no deferred liability is recognised on goodwill.

In October 2021 Belvoir Property (UK) Limited took back four London franchises which are now being managed by our Central Office in Grantham until a new franchise owner is appointed.

25 Acquisitions continued

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

	Belvoir London £'000	White Kite £'000	NMS £'000	Total £'000
Intangible assets – customer relationships	161	1,763	—	1,924
Intangible assets – master franchise agreement	—	373	—	373
Intangible assets – trade names	—	211	—	211
Trade and receivables	—	535	36	571
Cash	—	56	378	434
Trade and other payables	—	(575)	(221)	(796)
Deferred tax liabilities	(44)	(587)	—	(631)
Identifiable net assets acquired	**117**	**1,776**	**193**	**2,086**
Goodwill on acquisition	98	2,302	537	2,937
Consideration	**215**	**4,078**	**730**	**5,023**
Consideration settled in cash	**—**	**4,078**	**730**	**4,808**

Post-acquisition financial results

	Nicholas Humphreys £'000	Brook Mortgage Services £'000	Total £'000
Revenue	2,147	520	2,667
Profit and loss	579	61	640

If the acquisitions had completed on the first day of the financial year, Group revenues would have been £31.1m and Group profit before tax would have been £9.6m.

26 Related party disclosures

During the year the Group paid fees of £55,000 (2020: £40,000) to The Property Ombudsman Limited, a company of which Michael Stoop is a director. The balance outstanding as at 31 December 2021 was £nil (2020: £nil).

During 2021, emoluments were paid to a person related to a Director of £950 (2020: £nil). The amount paid was commensurate with other employees performing a similar role with a similar level of qualification and experience.

During the year the Directors received the following dividends from their shareholdings:

	29 October 2021	16 June 2021	30 October 2020
	2021 interim £'000	2020 final £'000	2020 interim £'000
Dorian Gonsalves	**26**	25	26
Louise George	**16**	3	3
Mark Newton	**17**	22	24
Michael Stoop	**1**	1	1
Paul George	**1**	1	1
Total dividends	**61**	52	55

During the year the Directors exercised the following share options:

	Option plan	Date exercised	Options Number
Dorian Gonsalves	EMI	10/06/2021	200,000
Louise George	LTIP	10/06/2021	515,782
Mark Newton	LTIP	10/06/2021	171,927
Dorian Gonsalves	LTIP	07/09/2021	644,727
Louise George	EMI	07/09/2021	175,000
Total options exercised			1,707,436

Notes to the financial statements continued

For the financial year ended 31 December 2021

26 Related party disclosures continued

During the year Belvoir Group PLC received a dividend of £9.0m (2020: £7.2m) from its subsidiary companies.

At the year end the Company was owed/(owing) the following amounts by/(to) subsidiary companies, all of which are payable on demand:

	2021 £'000	2020 £'000
Belvoir Property Management (UK) Limited	**5**	484
Newton Fallowell Limited	**1,370**	1,444
Northwood GB Limited	**20**	348
Brook Financial Services Ltd	**5,376**	4,518
Goodchilds Estate Agents & Lettings Limited	**(1)**	(1)
White Kite Ltd	**(456)**	—

27 Share-based employee remuneration

The following share options issued were outstanding as at 31 December 2021:

Share option scheme	Date of issue	Quantity	Exercise price £	Vesting period	Expiry date
Long-term incentive plan	30/06/2021	532,142	0.01	2 years and 9 months	30/06/2031
Company Share Option Plan	28/01/2020	253,365	1.48	3 years	27/01/2030
		785,507			

The movement in the number of share options was as follows:

	2021 Number	2020 Number
Share option movement		
At 1 January	**2,443,473**	2,149,071
Options granted in the year	**635,183**	285,689
Recognition of dividend equivalents upon options vested	**—**	216,436
Options exercised in the year	**(2,170,108)**	(183,399)
Options lapsed in the year	**(123,041)**	(24,324)
At 31 December	**785,507**	2,443,473
Exercisable at the end of the year	**Nil**	595,000

Options have been valued using the following inputs to the Black Scholes model:

	CSOP	LTIP
Expected volatility (based on closing prices in the year prior to issue)	40%	30%
Expected life	3 years	3 years
Risk-free rate	0.5%	0.5%
Expected dividend yield	4.60%	3.75%

The Group recognised the following expenses relating to equity-settled share-based transactions:

	2021 £'000	2020 £'000
Employee benefits (note 4)	**223**	444

28 Contingent liabilities

Belvoir Group PLC and its subsidiaries have a cross-company guarantee, which creates a fixed and floating charge on the assets of each company. As at 31 December 2021 the outstanding contingent liability under this agreement amounted to £8,764,000 (2020: £9,654,000).

29 Post-balance sheet events

Acquisition of Mr and Mrs Clarke

On 10 March 2022, Belvoir Group PLC acquired the entire share capital of Mr and Mrs Clarke Limited, which operates a national network of ten partners and associates operating a personal estate agency model. This transaction meets the definition of a business combination and will be accounted for using the acquisition method under IFRS 3.

The initial consideration of £0.023m was settled in cash from existing reserves post year end, and comprised substantially intangible assets and goodwill. A further £0.177m of cash was applied to the settlement of certain liabilities at completion.

At the time that the financial statements have been authorised for issue, the initial accounting for this business combination is incomplete. As such the full disclosure of this business combination cannot be made at this time.

Notice of Annual General Meeting

Belvoir Group PLC

Notice is hereby given that the Annual General Meeting of Belvoir Group PLC (the "Company") will be held at Belvoir's Central Office, The Old Courthouse, 60A London Road, Grantham, Lincolnshire NG31 6HR, at 10 am on 26 May 2022 for the purpose of considering and, if thought fit, passing the following resolutions. Resolutions 1–7 will be proposed as ordinary resolutions and resolutions 8–10 will be proposed as special resolutions.

Ordinary resolutions

1. **Report and accounts**
   To receive the Company's financial statements for the financial year ended 31 December 2021, together with the Directors' and the auditor's reports thereon.

2. **Declaration of dividend**
   To declare a final dividend for the financial year ended 31 December 2021 of 4.5p per ordinary share payable on 30 May 2022.

3. **Re-appointment of auditor**
   To re-appoint BDO LLP as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which the Company's accounts are laid.

4. **Auditor's remuneration**
   To authorise the Directors of the Company (the "Directors") to determine the auditor's remuneration.

5. **Re-election of Paul George**
   To re-appoint Paul George, who retires by rotation and offers himself for re-election under Article 71 of the Company's Articles of Association, as Director.

6. **Appointment of Michelle Brook**
   To appoint Michelle Brook, who having been appointed by the Board since the last Annual General Meeting is required under Article 71 of the Company's Articles of Association to be re-elected, as Director.

7. **Appointment of Jon Di-Stefano**
   To appoint Jon Di-Stefano, who having been appointed by the Board since the last Annual General Meeting is required under Article 71 of the Company's Articles of Association to be re-elected, as Director.

Special resolutions

8. **Directors' authority to allot shares**
   That the Directors of the Company be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (as amended) (the "Act") to exercise all the powers of the Company to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company (such shares and such rights to subscribe for or to convert any security into shares in the Company being "equity securities") being on such terms and in such manner as they shall think fit, provided that this authority shall be limited to the allotment of equity securities up to a maximum aggregate nominal amount of £124,307, being one-third of the nominal value of the Company's share capital, at any time (unless and to the extent previously renewed, revoked or varied by the Company in general meeting) during the period from the date hereof until the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this resolution (whichever is earlier), provided that the Directors of the Company may make an offer or enter into an agreement which would or might require equity securities to be allotted, offered or otherwise dealt with or disposed of after the expiry of such authority and the Directors of the Company may allot any equity securities after the expiry of such authority in pursuance of any such offer or agreement as if this authority had not expired.

9. **Directors' powers to issue shares for cash**
   That the Directors of the Company be given power pursuant to Sections 570 and 573 of the Act to allot equity securities (as defined by Section 560 of the Act) of the Company for cash pursuant to the authority conferred by resolution 8 as if Section 561 of the Act did not apply to any such allotment. This power is limited to the allotment of equity securities up to a maximum aggregate nominal amount of £37,292 (being equal to 10% of the Company's share capital) and otherwise to the allotment of equity securities for cash in connection with a rights issue or other pre-emptive offer to holders of ordinary shares where the equity securities respectively attributable to the interest of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under the laws of, or the requirements of any regulatory body or any recognised stock exchange in, any territory, in each case at any time (unless the authority conferred by resolution 8 is previously renewed, revoked or varied) until the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this resolution (whichever is earlier), provided that before any such expiry the Directors of the Company may make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of such power and the Directors of the Company may allot equity securities after such expiry under this power in pursuance of any such offer or agreement as if this power had not expired.

   The power granted by this resolution applies in relation to any sale or shares in an allotment of equity securities by virtue of Section 560(3) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by paragraph 6 of this resolution" were omitted.

Special resolutions continued

9. Directors' powers to issue shares for cash continued

The authority granted by this resolution shall replace all existing authorities to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company previously granted to the Directors pursuant to Sections 551, 570 and 573 of the Companies Act 2006, save for any existing authorities in respect of options granted to employees.

10. Authority to purchase shares (market purchases)

That the Company be and is hereby unconditionally and generally authorised for the purposes of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of its ordinary shares of 1p each ("Ordinary Shares") provided that:

(i) the maximum number of Ordinary Shares authorised to be purchased is 3,729,211;

(ii) the minimum price which may be paid for any such Ordinary Share is 1p;

(iii) the maximum price which may be paid for an Ordinary Share shall be the higher of:

a. an amount equal to 105% of the average middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and

b. the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out; and

(iv) this authority shall, unless previously renewed, revoked or varied, expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next AGM, but the Company may enter into a contract for the purchase of Ordinary Shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

The Directors have no present intention to make such market purchases but consider it desirable for the proposed general authority from shareholders to be available providing the flexibility to do so.

By order of the Board

Louise George
Company Secretary

Notes:

1. Please arrive 15 minutes prior to the start of the meeting.
2. A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member of the Company.
3. Completion and return of a form of proxy does not preclude a member from attending and voting at the meeting in person should he or she wish.
4. A form of proxy is available on the Company's website, www.belvoirgroup.com, or by request from the Company Secretary. To be valid for use at the Annual General Meeting, the form of proxy must be completed, signed and returned in accordance with the instructions printed on it, to Belvoir Group PLC's registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, so as to be received as soon as possible but in any event not later than 10 am on Tuesday 24 May 2022.
5. As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, members who hold shares in uncertificated form must be entered on the Company's register of members by 6 pm on 24 May 2022 in order to be entitled to attend and/or vote at the meeting in respect of the number of shares registered in their name at such time. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend and/or vote at the meeting.
6. Copies of the Directors' service contracts will be available for inspection at the registered office of the Company during normal business hours.

Corporate information

Board of Directors

Michael Stoop
Non-Executive Chairman

Dorian Gonsalves
Chief Executive Officer

Louise George
Chief Financial Officer

Michelle Brook
Financial Services Director

Jon Di-Stefano
Non-Executive Director

Paul George
Non-Executive Director

Mark Newton
Non-Executive Director

Company Secretary
Louise George, FCA, ACIS

Registered office
The Old Courthouse
60A London Road
Grantham
Lincolnshire
NG31 6HR

Registered number
07848163

Country of incorporation
England and Wales

Website
www.belvoirgroup.com

Nominated adviser and broker

finnCap Limited
1 Bartholomew Close
London
EC1A 7BL

Independent auditor

BDO LLP
Chartered Accountants
and Statutory Auditor
2 Snowhill
Birmingham
B4 6GA

Principal banker

HSBC UK plc
Donington Court
Pegasus Business Park
Herald Way
East Midlands
DE74 2UZ

Registrar and transfer office

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Lawyers

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

Hamilton Pratt
Franchise House
3a Tournament Court
Tournament Fields
Warwick
CV34 6LG

Corporate calendar

Preliminary announcement of full year results:
4 April 2022

Annual General Meeting:
26 May 2022

Half year results:
On or around 5 September 2022

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100
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