

28 January 2021

The Property Franchise Group PLC's acquisition of Hunters Property PLC Creating a leading UK property franchising business

The Property Franchise Group ("TPFG"), with its six national and regional estate and letting agency brands, is very pleased to be announcing its offer to acquire Hunters Property PLC, a franchised estate agency group based in the UK and another AIM-listed business.

Over the past few years, as part of TPFG's long-term growth strategy, it has been monitoring the market for an attractive opportunity with a view to achieving increased scale of its property franchising model. Similarly, Hunters has made a number of acquisitions in recent years, recognising that consolidation has an important role to play in driving growth.

TPFG believes that Hunters is a complementary business and that a combination of the two businesses provides an opportunity to create a leading entity in the UK property franchising sector, with enhanced potential for growth within the Enlarged Group.

The Boards of The Property Franchise Group and Hunters believe that the Acquisition will allow the Enlarged Group to enhance its value proposition to franchisees and customers, while building a stronger and more efficient franchisee network. It is believed that the Acquisition provides significant opportunities to properly exploit the existing and additional income streams within the Enlarged Group from converting independent operators to franchisees, assisting franchisees in the purchase of managed portfolios of tenanted properties, and through the use of digital marketing over a considerably increased customer database.

TPFG

The acquisition of Hunters is the latest step in TPFG's growth journey, following its listing in 2013 as MartinCo, acquisition of the entire property franchise business of Legal & General in 2014 and acquisition of hybrid brand EweMove in 2016.

TPFG is led by CEO Gareth Samples, who joined in April 2020. This acquisition is an example of the Group executing on its stated strategy to expand its footprint through acquisitions of franchised agency brands that bring additional value to the Group and, ultimately, its shareholders.

Hunters Property PLC

Hunters Property PLC is a property franchise business with 209 branches nationwide (at 31 Dec 20), specialising in residential sales and lettings. It was established in 1992 and listed on AIM in 2015. The national agency, which operates the Hunters, Country Properties and Mullucks brands, was founded on the principles of delivering excellent customer service.

Hunters will continue to be led by current CEO Glynis Frew who will take up the role of Managing Director of Hunters in the enlarged group. Co-founder and Chairman Kevin Hollinrake will step away from the business entirely to focus on other pursuits. Both Hunters and TPFG acknowledge the exceptional work that Kevin has put into the business and the impact it has had on today's estate agency landscape.

Commenting on the Acquisition, Kevin Hollinrake, Chairman of Hunters, said:

"We founded Hunters almost three decades ago with a single small office in York and a huge ambition to offer a brilliant service to our customers and to become the nation's favourite property agency. Our ambition for our customers and our brand is undimmed and we see this consolidation as the vital next step that allows us to invest in the services, training and technology our customers and franchisees

need. The success we have achieved is a tribute to the incredible efforts of the thousands of people who provide the service on the ground and the passion and commitment of our management team. I am so grateful, and indeed moved, that every member of our network remains faithful to our original vision and values and I know that they will continue to do so."

Looking forward and commenting on the Acquisition, Richard Martin, TPGF's Non-Executive Chairman, said:

"I am delighted to confirm that we have reached an agreement with the Hunters Board and major Hunters Shareholders on the recommended acquisition of Hunters. We believe that the Acquisition represents a compelling opportunity for all shareholders.

"Hunters, with its reputable brand, experienced management team, trusted franchisees and strength in residential sales, is complementary to our current offering. The Acquisition will enable us to continue to grow in the sector and, ultimately, deliver greater value to shareholders."

Why is this acquisition important?

- **Enhanced scale and geographic reach**
 - The Enlarged Group will benefit from increased scale.
- **Earnings accretion and annual synergies**
 - The board of TPGF has identified areas of potential synergies, which would provide a stronger platform for further organic growth and further enhancement of the progressive and resilient dividend policy.
- **Acceleration of financial services strategy**
 - The Enlarged Group would have the scale to make effective use of TPGF's plans to create a pool of 100 financial advisors, as well as to justify further recruitment in this area.
- **Strengthened management team**
 - It is proposed that Glynis Frew, Chief Executive of Hunters, will join the Enlarged Group as an Executive Director of TPGF whilst Ed Jones will join as Group Finance Director and Company Secretary, a non-board position. Gareth Samples will remain as the TPGF Group CEO and David Raggett as the TPGF Group CFO. It is proposed that Dean Fielding, currently a Non-Executive Director of Hunters, will join the Enlarged Group as an independent Non-Executive Director of TPGF. Richard Martin will continue as Non-Executive Chairman of the Enlarged Group, Paul Latham will become Deputy Chairman and Non-Executive Director. Phil Crooks will also remain on the TPGF Board as an independent Non-Executive Director.

What TPGF PLC would look like following completion

Nine brands...

- 3 national brands – Martin & Co, Hunters and EweMove (hybrid brand)
- 6 regional brands – CJ Hole (Bristol), Ellis & Co (London), Parkers (Oxfordshire), Whitegates (North of England), Mullucks (Essex) and Country Properties (Hertfordshire & Bedfordshire)

...a franchise network of significant scale...

- More than 400 physical branches
- Managing in excess of 70,000 tenanted properties
- Selling more than 20,000 properties per annum

...with clear growth opportunity

- A stronger platform for further organic growth and further enhancement of the progressive and resilient dividend policy